

Economics on Stage
The Economic Approach to the Performing Arts

Economie op het podium
De economische benadering van de podiumkunsten

Thesis

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Economics on Stage:
On the performance of
the economics of the performing arts

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Índice

1. Introduction.....	5
2. The economic approach to the Performing Arts.....	13
2.1. Pre-1966 literature	14
2.2. The establishment of cultural economics.....	19
2.3. The economics of the performing arts a decade after	49
2.4. Contributions from articles on the economics of the performing arts.....	54
2.5. Final notes	68
3. The economics the performing arts, the ideal of unification and its constraints	71
3.1. Theoretical framework.....	72
3.2. The performing arts: enters economics	78
3.3. Constraints and consequences of the pursuit of the ideal of unification	89
3.4. Final notes	96
4. The practitioner's account	98
4.1. The Practitioners' View.....	99
4.2. Final notes	122
5. The social ontology of theatre.....	126
5.1. The Social Ontology of Theatre	127
5.2. The importance of discourse in the process of construction of theatre.....	140
5.3. Final notes	145
6. Consequences of the social ontology of theatre for cultural economics.....	147
6.1. Theoretical framework.....	147
6.2. Usefulness and persuasiveness in the economics of the performing arts	152
6.3. Success in representing the world in the economics of the performing arts.....	159
6.4. The consequences of a failure in representing the world.....	161
7. Conclusion.....	164
7.1. Performing arts: artistic and economic	165
7.2. A cultural economics instead of an economics of culture	167
References	170

1. Introduction

How can I use economics to understand the workings of the performing arts? This was a question I posed to myself when I started working for the Portuguese Ministry of Culture in 1999.

In the previous years, I had been taught that economics was a science that provided answers to questions that are difficult to understand and perplex most people. The fascination about being an economist (or at least graduating in economics) came about because of the pretense that economists could provide those answers with formulae that worked to predict future events. The accuracy and unquestionability of the mathematically proven facts could outshine any other argument. The fact that someone would need to master the methods and instruments of economics even to be able to conceive a counterargument was a powerful weapon against detractors of economics.

Of course, there were criticisms. Economics might not predict things precisely, or at least not all the time; there were several streams of thought within economics, and economists disagreed regarding the advice they could provide to governments; and professors did tell us about things like the rhetoric of economics. Nothing could definitely undermine the conviction that economics had a valuable contribution to give to dealing with economic phenomena, but how would it do with respect to the performing arts?

I had been involved in the production of theatre, but it was not until I came across hundreds of performing arts projects in the Ministry of Culture that I questioned the usefulness of my degree in economics for addressing the problems they presented. While analyzing projects that strictly fell under the category of theatre, I was confronted with a myriad of different organizational structures, cost and revenue systems, funding schemes, staff management systems, and all sorts of variations around the theme of the firm. Furthermore, these structures would develop a vast array of activities, ranging from indoor Italian stage theatre to theatre strictly designed for touring, or to several kinds of experimental theatre whose definition and visible results would intersect with other artistic disciplines or other human activities.

It was clear to me, as an economist, that the performing arts were part of the economy. If nothing else, I was analyzing these projects because they were candidate recipients of central government grants and, of course, all citizens contribute to these grants, so this money concerns all of us. It had been earned by all of us as a compensation for our work or for our investment; it had been taken away from us by the state via the taxing system; it would flow into the grantee

organization that would spend it for other purposes, such as paying people for their work or for their products. There was also the stream of income from ticket sales, so we had a public and a private source of money directed to the performing arts. In this very simple financial cycle, it is assumed that the performing arts add value by generating income for actors and directors and satisfaction for audiences. The performing arts, so I concluded, were definitely economically relevant spheres of activity in the economy and, as such, had to be possible subjects of study in economics.

The economic perspective, I then expected, should provide the tools to make sense of all the diversity that had been presented to me by the projects. Economics somehow had to account for the specificities in the economic sector of the arts and help explain why certain things happened. So I left the Ministry of Culture and went on to study how economists treated the performing arts and what they had to say about them. I was curious about both the questions economists posed and the answers they provided regarding the performing arts.

Since I was coming from an intense interaction with the practitioners of performing arts, one thing that struck me right after I read some major works in the economics of the performing arts was that I had never heard anybody in the world of the performing arts referring to that kind of research. I was especially surprised when I realized that some of these contributions could be used to advocate for the performing arts in general and some specific arguments could solve seemingly endless disputes pertaining, for instance, the pertinence of public funding. Why were practitioners of the performing arts not using the valuable information the economists were producing for their field? It was clear that economists and practitioners of the performing arts were not communicating properly. So, at that point, I wanted to know why this was the case.

In order to get to the bottom of this issue, I first needed to arrive at a definition of an economics of the performing arts, what the discipline of economics aims at doing, and what methods it uses and the conclusions it has thus reached.

Knowing what economics aims at became of paramount importance because maybe it was my mistake to think that economics aims at explaining its research objects. After reading some literature on the philosophy and methodology of economics, that possibility actually became plausible. Maybe the economics of the performing arts does not aim at explaining those things that I found puzzling in the field, but rather aims at something else, like testing its tools with different types of data. If that were the case, then it would not make sense to complain that economics was not reaching the practitioners because the aim was not to reach them anyway.

So a whole argument for a change in the paradigm would be necessary if I wanted to defend a switch in the research objectives of the economics of the performing arts.

The methods used can influence the types of questions asked and the types of results achieved by the discipline and also narrow down the target-audience to include just those who can actually understand how those methods work. So the methods used in economics could be the culprits for communication problems between performing arts practitioners and economists. Following this line of thought, I had to investigate the kinds of methods and instruments economists studying the performing arts are using in order to reach their conclusions.

In the context of what economics aims at and the methods economists use in the study of the performing arts, it was important also to focus on the conclusions economists are actually drawing from their research. It was not relevant to build an opinion or an argument about the economic perspective on the performing arts based on economics in general; it was crucial to see what was being said concretely about the performing arts. Indeed, economics is a very broad discipline with a number of alternative and heterodox approaches, but the conclusions that have been proposed in the economics of the performing arts do not pertain to all of those approaches. The fact is that the available information regarding the performing arts is limited to what economists have produced, so that was what I focused upon in my investigation. Understanding what these conclusions meant for economics and for the performing arts was crucial for the appraisal of the relationship between the two.

After surveying the concrete features of an economics of the performing arts, it became clear that the field was integrated in a wider philosophical path carved by mainstream economics. The economics of the performing arts is influenced by the development of economics as a science and by the desire of economists working in this sub discipline to see it established and recognized as a proper and respectful field of inquiry within economics. In the dynamics of academic endeavors, this imposes some constraints on the development and exploration of certain streams of thought. Integration in known currents is a positive factor for the achievement of reputation in academia. The economics of the performing arts seems to show signs that it has pursued this aim by way of integrating its research in the mainstream of economics.

With this investigation into the depths of the economics of the performing arts, I realized that this sub discipline was not exactly tackling the issues that emerge in the daily life of performing arts firms and that it was using concepts in ways that were most appropriate in the realm of conventional industries, but that differed greatly in their natural use in the field of the performing arts. So at this

point, I found I had to know what concepts these were and how practitioners of the performing arts were using them. If the perceived clash between economics and the performing arts was due to the differences in concepts, then some stabilization was required. Performance and theatre studies normally focus on the artistic, philosophical, literary components of the performing arts, not on issues that concern economists?

When setting myself up for approaching the performing arts, the difficulty in treating the performing arts as a whole and producing general statements about them became pressing. The extensive variety of the outcomes of the performing arts, the multiple artistic expressions the performing arts display, their seemingly infinite ways of organizing their work and presenting it, shows that some dissimilarities among the different disciplines within the performing arts are very relevant and influence greatly both the problems the organizations are faced with and the possible solutions that they apply. So choosing just one of the performing arts as a case study emerged as a solution to avoid a generalization of statements and conclusions that could be true, for instance, for theatre, but not for music. My familiarity and knowledge of theatre led me to focus on this latter art form as my main case.

Theatre has many forms, and it has many meanings for society at large and for artistic communities. It has been both – and sometimes simultaneously – downgraded and praised; it has conveyed endless messages and inspired audiences across the globe, but has also provoked probably millions of hours of sleep and boredom to many. Within theatre there are also so many different streams, opinions, there are endless disagreements and arguments as to what it is, how it must be done, what purposes it serves. Still, there is a sense of homogeneity to some extent; it may be based on simple concepts, but the feeling is that they are there; otherwise, theatre practitioners would not agree they are *theatre* practitioners.

I decided focusing on the artistic rather than the administrative people as the artistic directors are responsible for most decisions in theatre companies. Even if a director of production exists and has a relevant role in the organization, decisions are usually submitted to the artistic director. The production of theatre plays is the core business of a theatre company. On the other hand, the contamination of economic language has been stronger among administrative people, so I expected them to have a discourse that was already influenced by mainstream economics in a stronger way.

The academic environment I was inserted in helped me choose my entry point into the investigation of the nature of the performing arts and, consequently, its discourse in opposition to or in contrast with that of the economists. I took a

philosophical approach to the subject and I found it intuitive and clarifying to have a realist take on the performing arts. The one criticism or commentary that is most stressed when talking about the performing arts is that everything is subjective. It seems to be common sense that it is possible to have a specific perspective on all aspects that compose the performing arts and that probably all of those perspectives are valid. My intuition has always been that this is not the case.

It is clear to me that the perspective that practitioners put forth is of a different nature from that of any other person observing what goes on in the performing arts. As in any other situation, if one is living it, the insight one has is unique and particular. One may argue that it is a contaminated view, a passionate take on a situation that can be seen objectively, rationally. But it is from the perspective of this passion that drives people to act and to interact that an activity such as theatre appears in society. Its existence depends on the individual, subjective involvement of all people that are part of the group of practitioners, and its many forms derive from the amalgamation of wills, beliefs, actions that people immersed in it display and perform. Yet, it is also clear to me that not all people are stakeholders in the world of theatre, so not all people are participants in the social construction of theatre. Some people actually live their lives producing theatre, thus providing shape(s) to it; others observe it. For this latter group of observers, to pay attention to how the practitioners actually construct the social object of theatre should be considered precious if they really want to know what they are observing and want to draw valid conclusions about it. Theoretically, social ontology has helped me contextualize the intuitions regarding the construction of theatre as a social object that is inquirer-independent.

The realist perspective helps in this case because it allows one to distinguish between what is there, even if socially constructed, and how it is observed. Economists are in this context the observers and the performing arts are the activity that is observed. Since economists are observing the activity of producing performing arts, they put forth certain foundational statements that show their ontological convictions, i.e. reveal what they believe about how the world of the performing arts is and works, and ground many of their most famous conclusions; but those same statements also incorporate some crucial differences with the vision presented by the practitioners. So I chose three concepts that display major contrasts when the perspectives of economists and practitioners of the performing arts are confronted, namely the notions of product, market and productivity. Then I asked questions about them in personal interviews and looked for meaningful statements pertaining to them in books of memoirs and interviews. The result was a collection of sentences that

seemed pervasive among theatre practitioners and that in many senses clashed with those of economists. The words used in economics found correspondence in the discourse of theatre practitioners, but they meant different things or, at least, implied different semantic fields.

Of course, the first difficulty in exploring the clash between how words are used in economics and in theatre is that the boundaries of all these concepts are context dependent, they are loosely defined, and they are dynamic. They are context dependent in the sense that we can find some stability of concepts within certain disciplines and certain streams of thought, but they vary when we pass from one context to the other. And they are often loosely defined even when framed in a certain context. The heterogeneity of the tokens of a certain type makes it hard for people to be strict in their definitions. It is not useful to restrict the scope of possibilities of, for instance, what theatre can be because that would exclude so many interesting and stimulating possibilities. Finally, these concepts are dynamic in the sense that the same recognizable concepts oscillate in meaning according to both time and the philosophical stream of thought we may be considering. Furthermore, they adapt to new ideas and different expressions or manifestations.

Still, the recognition of the difference and the extension of that difference were important enough to proceed to an investigation of the relevance of this kind of folk economics. What did theatre practitioners have to say about economic concepts that are worth contemplating? These questions led me to investigate what in fact is distinct about the account of theatre practitioners. What is different and maybe more meaningful about the theatre practitioners' discourse compared to that of anyone else who could put forth an opinion about how the performing arts function. Furthermore, I had to explore the difference between the nature of the account of the practitioners and that of the economists.

My most pressing doubts concerned the assessment of the situation. Theatre practitioners do use economic concepts and language, and they do have a consistent discourse of their economic activity; it is just different from the way economists would interpret it. The mismatch between the economics of performing artists and the economics of the performing arts as economists conceptualize it could be due to differences in perspectives, instead of ignorance on the part of the theatre practitioners on how to properly use economics. Maybe theatre practitioners were not misusing economic concepts, but rather economists were misinterpreting the economy of theatre practice. Approaching the issue with this reverse angle required an argument that would show how the discourse put forth by theatre practitioners accounts for how theatre practice actually works.

One thing that was at the same time obvious and revealing from the outset was that theatre practitioners were the people actually making things happen, really doing theatre, that same theatre that was functioning in the economy, that same theatre that was being studied by economists. It became clear to me that theatre – meaning not only the artistic expression, but also the economic activity – derived from the interaction of the participants in it, and from the established concepts and associated communication mechanisms they used within the group. So, in very simple terms, theatre practitioners just knew what they were talking about. This does not mean that each of them could see the whole picture; it does not mean that the observer's look was unnecessary, but it did mean that the common ground they shared and that could be identified was inquirer-independent. It is something the researcher can observe, but he cannot define or shape to his own desire. This foundational or constitutive character of the discourse of theatre practitioners distinguishes it from the economic discourse.

This could be an inconsequential fact: theatre is what it is in the economy and in society, and economics is a science investigating it. But it is not precisely just so because of the clash that was identified when I looked into the two different accounts concerning the same subjects. Economics is indeed studying theatre and theatre is indeed what it is, but the problem is that neither economics nor theatre is taking that into consideration. Economists seem to be constantly disregarding the account of practitioners as a dignified source of information for their studies. They collect their data following the same rationale they would follow if they were collecting objective data from any industry, i.e. they look for equivalents to the number of shoes produced per hour, or the objective and measurable motives for consumption. Theatre practitioners seem to disregard the results economists put forth and profit very little from them. I do want to stress that theatre practitioners 'disregard'; they are not fully ignorant of what is being done, either academically or in the field of consultancy, in terms of the relation between economics and theatre, they just choose to disregard it.

In sum, my research ended up leading me to think that the reason why I was unable to find in economics the explanation for the economic phenomena of the performing arts field that had puzzled me was that economists were not actually in the same conversation – to use Arjo Klamer's formulation (cf. Klamer 2007) – that I was in. At that point, my contribution to the conversation was clearly that of the theatre practitioners. What I knew about economics was little, superficial and, to a large extent, mediated by what my professors had transmitted me. What I knew about theatre derived from personal experience and a lot of contact with theatre

practitioners and their projects. I knew more about theatre both as an artistic expression and as an economic activity. Knowing now more about both conversations, I can see why it is so hard to match them.

It may seem strange that I had to go to all this trouble just to show that the simple intuition that there was something fundamentally distinct about the two approaches under consideration – that of the economists and that of the theatre practitioners – was supported by theoretical grounds. The fact is that to construct an argument around the idea that theatre is inquirer-independent and that economics would profit from listening to the constitutive discourse of theatre practitioners revealed to be as complicated as something rather obvious and sensible can be. A lot of theory was required to build this whole story and to get to some satisfactory conclusions about the relative positions of the discourses of economists and theatre practitioners, and the consequences for each party of the way both have been developing.

My main aim has always been to be constructive when facing the difficulties in the relationship between economics and the performing arts. In order for me to be able to do that, I had to understand where those difficulties were because to recognize the clash is clearly not enough to overcome its effects. I went back to work at the same place where my doubts had first emerged ten years after I left. Now I know how economists would approach certain issues and what results they would probably produce, but I also know that as long as they keep on ignoring the discourse of the practitioners they won't produce consequent results.

2. The economic approach to the Performing Arts

In this chapter, I will explore the motivations and objectives economists declare, their methods of approaching the performing arts, and the conclusions they reach regarding the way in which the performing arts work.

Economic science has a particular way of describing the performing arts. This way of describing is greatly influenced by the interests of economists and by the pressing issues the arts raise for economics. For example, the fact that the arts, as an economic sector, display a certain behavior in the market puzzles economists and the way in which organizations function in order to produce artistic goods is something economists seem to find pertinent as an economic subject of inquiry.

The economics of the arts is a relatively young field that appeared and developed closely to mainstream economics. The neo-classical principles are very much present in the literature and this has not been, at least so far, a discipline based on path breaking movements. The designation of the discipline has not been linear: whether it should be called 'the economics of the arts' or 'the economics of art' or 'of art and culture' or 'cultural economics' has been subject of some debate. The International Association adopted the version of Cultural Economics, but sometimes this is too encompassing and the need to use a more precise definition is required. The concern here is with the subfield economics of the performing arts, with a special emphasis on theatre, and the aim is to survey the literature in order to form a clear and deep image of the field.

When economists write articles or books there is, naturally, a motivation that may be more or less explicit in the text, and a declaration of the objectives of their study. The motivation reveals the driving force that prompted the scientist to focus on a subject and the objectives express the direction that the research will take. By analyzing these elements, one can comprehend the spectrum of problems that fall in the scope of the text and, of course, those that will not be considered. This is important because the appraisal of a body of research must be based on what proposes to achieve.

To know how economists pursue these objectives is also important: in general, it characterizes the discipline methodologically, and it also exposes underlying assumptions that guide the research in specific directions. In the course of the texts, the performing arts (and theatre in particular) are described and conclusions are reached regarding the problem approached. Different disciplines describe the same things in distinct ways, so it is interesting to explore the features

economics applies to the performing arts and how economics proposes solutions to problems affecting the field.

I first researched unspecific pre-1966 literature that referred to the arts, and I provide my account of this survey in the first section. Pre-1966 texts cannot be analyzed as strict economic research about the arts because they indeed were not devoted to investigating the concrete workings of this arts field; the arts appear as examples and/or as exceptions to the rule. This section will be, therefore, generally descriptive and historical. Post-1966 economic research about the arts can be situated in a body of literature that is much more coherent, exclusive and dedicated, so it can be organized according to motivations and objectives, methods and conclusions. All the books about the economics of the performing arts were surveyed, as well as a collection of 35 articles specifically directed at the economics of the performing arts.

2.1. Pre-1966 literature

"To say that Baumol and Bowen in [the book *Performing Arts – The Economic Dilemma*] literally invented the subject of cultural economics is to state the obvious." (Blaug, 1996, p.181) From the year 1966 on, the discipline has been recognized in due contexts, so any actual analysis of the economics of the arts must start there. Present-day economists of the arts, however, have dedicated some attention to what could be an economics of the arts *avant la lettre*. The purpose of these studies has been to find the economic thought about the arts that preceded the actual foundation of the discipline.

It is hard to say exactly when the economics of the arts as the connection between economics and the arts started. Françoise Benhamou (1996) notes that not many economists were interested in the arts or culture, and that those who did have interest were motivated by their personal attachments to the arts and not because they were economists. Some of the great economists have occasionally devoted a few sentences to the arts and these are carefully collected by the cultural economists today. Benhamou quotes a few sentences by Adam Smith and Alfred Marshall about the arts to prove that, though not consistently, there was a crescent focus on the arts as a possible domain of application of economic theories, namely due to its exceptional character that escaped some generalizations.

Bruno Frey (2000) rather stresses the continuity of the interest of economists in the arts. The author accounts for studies (especially in German) that range from 1903 until the date of publication of his *Art and Economics* in 2000. Going back in history even further, Craufurd Goodwin (2006) in his "Art and Culture in the History of Economic Thought" surveys the main moments in the history of economic thought,

looking for pieces that were dedicated to or had some bearing on the arts. The author finds that two centuries or more before cultural economics was established as a subdiscipline of economics, its subject matter was already being discussed.

Following Goodwin (2006) in his voyage through the history of economic thought, the idea of scarcity was dominant among economists of the XVIIIth century. What this meant in terms of the general vision of the product was that the trade-off between goods was relevant. The computation of the relative benefits of a certain good had to be carefully made, so that one would not relinquish a better good for another not so good and miss an opportunity altogether. In a world where basic goods were hard to come by, art and culture were seen as accessories. Economists were deeply concerned with finding ways to create resources that would keep people alive, fed and healthy. The artistic activity and the resultant products did not serve that purpose, at least not directly.

According to a mercantilist point of view, an artistic good could be perceived as positive as long as it helps the balance of trade, but the performing arts are unable to have an expression as an exportable service or as an attraction to foreign expenditure within the country. Moreover, not only are the performing arts not beneficial, they are adverse; since they are considered to be part of the vices of society, they should be minimized. In this line of thought, as Goodwin (2006, p.29) points out: "...in the 1730's there was a move to limit the number of playhouses in London as a way to reduce the urban vice that was said to be corrupting the nation". The performing arts were not so much seen as a good, but as a bad. Motivation for its consumption would come from the perverse side of human nature, so any expenditure on the attendance of performing arts was seen as waste. The product of the performing arts provided enjoyment of a disregarded nature.

The Enlightenment brought in a new vision of the arts and their function in the economy and society. The idea of these goods being wasteful and perverse was refuted, and creativity was valued as a good thing, promoting the development of a better society. The social nature of price formation and of the demand for the arts was emphasized. The performing arts were somehow neglected when compared to the visual arts; nevertheless, music received some attention and was included among the fine arts.

Classical economics originated during the late 18th century with Adam Smith: "By pursuing his own interest, he frequently promotes [the good] of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good" (Adam Smith, 1776, IV.2.9). With an inspiration in physics, the market system was perceived as merely a seeming

chaos with an underlying order. The order was warranted by the profit-seeking individuals behaving in a self-interested way in the market. This emphasis on the individual rationality is patent also in regard to the arts. Smith disserts on custom and fashion, how they shape tastes and how that is pernicious. The collective nature of a socially constructed drive to consume a particular trend of art runs counter a defense of the virtues of individual choice.

In terms of production, one feature of the artistic product highlighted by Adam Smith is that its impact is durable: "The productions of the other arts [music, poetry, architecture] are much more lasting, and, when happily imagined, may continue to propagate the fashion of their make for a much longer time" (Smith, 1759, V.I.4). Smith views the great artist as a person who is able to break that cycle of producing similar products: "An eminent artist will bring about a considerable change in the established modes of each of those arts, and introduce a new fashion of writing, music, or architecture" (Smith, 1759, V.I.8). The individual who produces something different, set apart from what everybody else is doing is more valued than someone who produces something within current fashion, even if it is new.

The main ideas that come out of this analysis of Adam Smith's view on the artistic product are a perspective of production that is individualistic: the artist produces according to his will and evaluates his own work; a view of the appraisal of the quality of the product that is comparative or relative to other similar products in the market; and the singling out of the artistic product as having a lasting impact in opposition with other goods also subject to fashion.

The artistic good for David Ricardo (1821) is also something to be set apart from other goods and services:

Those peculiar wines, which are produced in very limited quantity, and those works of art, which from their excellence or rarity, have acquired a fanciful value, will be exchanged for a very different quantity of the produce of ordinary labour, according as the society is rich or poor, as it possesses an abundance or scarcity of such produce, or as it may be in a rude or polished state. (...) [For most goods in the market] [t]here is competition among the sellers, as well as amongst the buyers. This is not the case in the production of those rare wines, and those valuable specimens of art, of which we have been speaking; their quantity cannot be increased, and their price is limited only by the extent of the power and will of the purchasers. (Ricardo, 1821, ch.17, prgrfs. 8 and 9).

Works of art are viewed as one exception to the rules of the market. The social construction of the price for these goods is pointed out, i.e. the determination of the

price by the cost of labor incorporated in the good or by the simple encounter between supply and demand does not work for the specimens of art. The singularity or prototype quality of the goods embeds them with value, as well as the status of the people that buy or have owned them.

Apart from Smith and Ricardo, several other economists may be credited with having something to say about the arts. Jeremy Bentham, as Goodwin points out, first formulated the idea that the arts should not be considered as a sector apart. This was especially relevant in terms of government support because, according to Bentham, when it was applied to the arts, it had regressive effects in terms of distribution: the governmental support was considered a subsidy that favored an activity that benefited mainly the wealthy. Bentham notoriously compared the utility derived from the enjoyment of the fine arts with that of playing the game of push-pin, valuing more whatever of these activities provided more pleasure to the consumer. An idea of possible externalities of the arts related to increased morals was also put forth by Bentham.

John Stuart Mill refers to theatre in particular, claiming that the product of the work of the performer is something that gets lost in consumption, therefore it would somehow be a waste to pay for attending a performance. The coincidence between the work of the performer as the output of the performing arts, which is what people pay for is already visible in this formulation. This author was, nevertheless, concerned with the social and economic conditions of artists (Goodwin, 2006, pp.48-49). William Stanley Jevons advocated that the arts could have a positive effect on society: "In 1878 he followed up his interest in the external consequences of 'the amusements of the people' and concluded that one of the most promising 'methods of social reform' would be encouragement to 'good moral public amusement, especially music entertainments'" (Goodwin, 2006, p.55). Goodwin also refers to the interest Jevons showed in the economy of museums. Carl Menger and Jevons considered that art and culture were something to be tended for after all other needs were satisfied, pointing out a notion of art as luxury that is used still today.

John Maynard Keynes has been known in cultural economics for his close relationship with the arts: he belonged to the Bloomsbury Group, a group dedicated to reflecting upon society in all its dimensions, and was the chairman of the Council for the Encouragement of Music and the Arts. The utilitarian current was repudiated by the members of the Bloomsbury Group, and their main point was to highlight the exceptional character of the arts. This heterogeneous group of novelists, poets, artists, and economists did not find it fit to use the traditional economics models to understand the functioning of art markets. Price did not seem to determine supply

because of the psychological component of the reward, which was prevalent, so to make the art market move forward, demand should be stimulated. But it was not just any kind of demand; it had to be a demand that was permeable to the art that was being produced and the art that would be produced, incorporating experimental components and innovation. On the supply side, the effort had to be made in the direction of creating what one would now call a production structure that would support the artist in the administrative and fundraising tasks related to his work. As chairman of the predecessor of the Arts Council of Great Britain, Keynes contributed to the establishment of an idea of intervention in the arts sector as a stimulus to activities carefully selected: "[The Arts Council's] policy was to be one he had long favored, to promote the arts by providing, as he put it, 'modest funds to stimulate, comfort and support any societies or bodies brought together on private or local initiative which are striving with serious purpose and a reasonable prospect of success to present for public enjoyment the arts of drama, music and painting'" (Heilbrun, 1984, pp.45-6). Although Keynes was very influential in the arts arena, his economic writings did not focus on the arts.

John Kenneth Galbraith, in 1960, published a series of lectures among which one is called "Economics and Art". The focus is the visual arts, but it is relevant for the history of the economics of the performing arts insofar as it is one of the elements that made way for the connection between economics and the artistic realm to be examined. The main point of this text is that, when people are worried about basic survival or amenable subsistence, they cannot devote time and money to thinking about artistic matters; but, when people have reached a considerable level of comfort in their lives, they can turn to the arts and dedicate time and money to them. The author elaborates on how the objective of the creation of aesthetic objects and experiences, and the commercial objective can be in conflict. Galbraith argues they could be harmonized and they should be, by means of a change in the institutions. This would be a change towards the establishment of the idea that society has a responsibility in regard to the protection of the artistic production. This text contains some conceptions that will be later developed especially in the context of the argumentation in favor of subsidization. What I find particularly interesting is that the author does not refer to a demand for artistic goods and services, but rather to "the aesthetic response" people display towards the works of art.

Lionel Robbins is one of the most recognized economists to have formulated explicit ideas about the arts. In his "Art and the State" (1963), the focus is strictly on museums because it was written as an address to Friends of the City Museum and Art Gallery of Birmingham. This is a paper about the relation between the state and

the visual arts which is essentially a defense of the positive role the state can have when it intervenes in the arts field. Here we can find some arguments for government intervention that also appear in his later work (Robbins, 1966), such as that art is education and the state has always been in charge of providing it, or that poor people are entitled to have access to the arts just as the rich have. Though Robbins's focus is mainly on museums and visual arts in general, these arguments are equally valid for the performing arts. The arguments presented lead to a fundamental statement:

All this is by now well known to disinterested members of the art world and some recognition thereof is beginning to make its appearance among members of the general public. What is not so generally realized, however, is the urgent need to back this recognition with cash – with cash sufficient to cope with present prices in the international art markets... (Robbins, 1963, pp. 64-65).

Robbins points out inflation (in general and, quite strongly, in the art markets) as the cause for the financial trouble of museums and galleries, so to the question of how to solve an inflationary process with more government spending, namely on the arts, he answers: "The necessity to curb spending in general does not in the least imply the necessity to apply the curb equally in all directions" (p.71). The most interesting feature of this text is, I believe, that it could have been written by a politician today. This paper treats the problem of dissenting opinions about state intervention in the arts arena in much the same way as it is nowadays discussed. The paper takes for granted the permanent need of money the arts have and focuses on the logic and legitimacy of the solution it defends, i.e., Robbins does not propose a solution for inflation, he defends a way of combating its effects.

While previously to 1966, the thoughts and opinions put forth were sparse, in the years closer to the publication of Baumol and Bowen's *Performing Arts – The Economic Dilemma*, the interest had become much more condensed and focused. Baumol and Bowen acknowledge the contribution of other works to their own project: "The economic problems of the performing arts have been discussed in a number of recent studies, and we have taken full advantage of the materials they provided" (Baumol and Bowen, 1966, p.6).

2.2. The establishment of cultural economics

Performing Arts: The Economic Dilemma by Baumol and Bowen (1966) marks the birth of the research field of cultural economics: it was the first in-depth study of the workings of an artistic activity as an economic sector. It also raised issues that have been recovered by researchers who continue to conduct studies, refine theories and deepen findings initially present in the book. Before the book was released, in 1965, the authors published an article called "On the Performing Arts: The Anatomy of Their Economic Problems" where the main argument present in the book was summarized. In a 1967 article, the model of unbalanced growth was fully spelled out mathematically (Baumol, 1967, pp.47-50). The book, these articles and others by Baumol (cf. 1968, 1972, 1973) are the ultimate reference in the economics of the performing arts. Out of the texts that will be analyzed in the following sections, about one third of them explicitly cite Baumol; but many others either develop lines of research introduced by Baumol or cite authors that cite, or were inspired by Baumol.

As mentioned above, we may view the literature on the economics of the performing arts after Baumol and Bowen's 1966 book as a consistent body that shows what drives economists to the study of the performing arts, how they have done it throughout the years, and what conclusions they have derived from it. In the following sections, the exploration of the literature in terms of motivations and objectives will help to clarify what guides economists to the study of the performing arts; to assess how economists have conducted this study, the methods, assumptions and sources of information are then identified; and, finally, a sum up of the conclusions drawn from the economic research of the performing arts and of how the performing arts are described by economics is put forth.

2.2.1 Motivations and objectives

Performing Arts – The Economic Dilemma

Baumol and Bowen (1966) show, in their introduction, that it is common to describe the arts as a sector in permanent crisis: "In the performing arts, crisis is apparently a way of life." (Baumol and Bowen, 1966, p.3) The sentence is made to be puzzling and to motivate the analysis; it pinpoints where the performing arts are different, or at least where they appear to be so. The crisis is materialized in the constant threat that the bad finances of the performing arts organizations pose to the survival of the activity; it seems that the performing arts have not yet found the right formula to overcome bad seasons and financial hardship in general. What works for a

few months does not last long as an organizational scheme to maintain good financial results.

Something else underlies the sentence above: it is not good that artists and artistic organizations live in financial strain. This is not very explicit in the book, but in the 1965 article it appears as a major point; Baumol and Bowen refute the claims that poverty and bad conditions are proper and even stimulating for artistic activities: "The starving artist has become a stereotype among whose overtones is the notion that squalor and misery are noble and inspiring. It is one of the happier attributes of our time that we have generally been disabused of this type of absurdity" (Baumol and Bowen, 1965, p.218).

Two normative points are made: crisis should derive from particular conjunctions of events, it should not be part of the structure; and crisis is not good for any activity that operates in the economy.¹ The main question is, thus, why are the performing arts organizations different from other organizations in the market, in the sense that they are unable to avoid the undesirable state of persistent crisis? Baumol and Bowen try to make sense of the apparent regularity that links the activity of producing performing arts and the advent of financial crisis; they assume that there must be something about that activity that is the cause for the financial inefficiency because this pair – performing arts and financial crisis – has been observed recurrently in the world. The claim of regularity is well expressed by the fact that Baumol and Bowen describe cases of commercial success of performances as transitory and impossible to sustain in the medium to long run.

A little bit later in their introduction, Baumol and Bowen further restrict their research interests:

The main focus of our research was the cost and revenue structure of the performing groups (...) A close second in importance was (...) trying to determine who constitutes the audience (...) From these two major efforts we went on to a series of sub-studies: among them studies of performer incomes, of the history and anatomy of cultural centers, of grants and contributions, of the state of the art in Great Britain (because we expected to find some revealing contrasts there), of particular organizations – case studies conducted in considerable depth. (Baumol and Bowen, 1966, p.5)

¹ Crisis is not good for economic activities that aim at being successful in the market at that moment. It can be recognized that sometimes crises lead to improvements in the way certain sectors operate.

Their topics covered a number of issues that had to be analyzed for the first time in order to build an economic picture of the workings of the performing arts. If the main objective was to explain why the sector was performing critically in the market and depended on money granted by external entities to survive, then all the elements involved in the problem had to be investigated. At the time, nobody had conducted those studies, so the research team had to do it. Given that the main objective of the study was the cost and revenue structure, it follows that, on the cost side, the performers' incomes had to be analyzed, as well as costs with venues and their functioning, among other costs; and on the revenue side, gains from all sources, such as box office, grants, or merchandising, had to be investigated.

Baumol and Bowen stress that, though in some cases the disastrous reports of performing arts organizations are exaggerated with the purpose of justifying higher subsidies, in many other cases the problems are real. So the aim of the investigation is to find out what really lies beneath the apparent permanent crisis. To answer the question of what is different in the performing arts, the authors are going to search for a deeper reality, a causal factor or mechanism that can be used for justifying the appearance of economic emergency. Here resides the foundational character of Baumol and Bowen research: with their study, the authors intend to use economic science to explain a puzzling feature of an activity.

There had been previous discussions about whether or not the arts should be subsidized and what would be the best way to do it, but these discussions simply took for granted that the arts could not survive in the market on their own, whereas Baumol and Bowen take a step back and look for the causes. The predecessors of Baumol and Bowen used their empirical knowledge and the constant observation of a regularity to predict that the arts would never survive in the market and therefore to discuss and build policies that would solve or at least attenuate the consequences of this fact in society. Before 1966 the question was: *given that the performing arts cannot survive in the market, what effects of that activity justify (or fail to justify) subsidization?* After Baumol and Bowen (1965, 1966) the question is: *why do the performing arts need subsidization in the first place?*

The first objective of our study is to explain the strained economic circumstances which beset performing companies, to determine whether they are attributable mainly to fortuitous historical circumstances, to mismanagement or poor institutional arrangements, or whether there is something fundamental in the economic order which accounts for these difficulties" (Baumol and Bowen, 1965, p.219).

Given that the performing arts behave poorly in the market, the authors will “explain the financial problems of the performing groups and (...) explore the implications of these problems for the future of the arts in the United States” (Baumol and Bowen, 1966, p.4). This is the most encompassing declared objective of any piece of research in the field, and that is probably why this book had the impact of creating a new sub-discipline within economic science.

What the authors did not want to do was to present a universal solution to the financial problem they explain. They wanted to remain detached from value judgments, “specify objectively the alternatives facing the arts and to describe their costs and the burdens they require society to shoulder” (Baumol and Bowen, 1966, p.4). The objectivity that Baumol and Bowen want to preserve relates to a specific idea of what economics is all about: not a prescriptive science, but a descriptive one.

The position of the economist as the counselor rather than the decision-maker is clearly present here. This fits the context in which this book was written, when the pertinence of the creation of the National Endowment for the Arts had been a major topic of debate. It was crucial to know why the performing arts were not able to survive in the market because, depending on the answer to this question, the NEA would be legitimized or not. Furthermore, the answer had to be provided by independent, objective research that would not advocate one sole solution; it would present alternative scenarios available for possible political choice. Had the conclusion put forth by Baumol and Bowen been that the performing arts depended on external funding because they were poorly managed or corrupt, for instance, the creation of a public funding body would make no sense, since it would only be an incentive for further mismanagement or corruption. Once the argument was built around the technological structure of the production of performing arts, it validated the idea that this sector needed and deserved help from the state.

In terms of target audience, the objective of Baumol and Bowen’s research was not to appeal to trained economists only; it would have to be readable by people outside the field and inside politics. The text was written without presenting the hard data or the results in a crude manner; it is descriptive and uses examples, so that it becomes clear and not excessively technical. Subsequent texts further explored the technicalities, like Baumol (1967) – a text published in the *American Economic Review* –, where the model of unbalanced growth was developed and discussed for economists and by economists.

Subsequent articles by Baumol and critical articles

The motivation for the 1967 article by William Baumol pertains to the discovery of fundamental structures of the economy:

There are some economic forces so powerful that they constantly break through all barriers erected for their suppression. (...) I will argue that inherent in the technological structure of each of these activities [the performing arts included] are forces working almost unavoidably for progressive and cumulative increases in the real costs incurred in supplying them. (p. 415)

Note that Baumol describes the economic realm as powerful forces inherent in the structure of the activities that proceed almost unavoidably. The author further stresses the unavoidability of such forces applied to the phenomenon of rising costs in the performing arts.

The aim of Baumol (1967) is to put forth a macroeconomic model and

[t]he justification of a macroeconomic model should reside primarily in its ability to provide insights into the workings of observed phenomena. (...) [M]acro models have succeeded in explaining the structure of practical problems and in offering guidance for policy to a degree that has so far eluded the more painstaking modes of economic analysis. This article hopes to follow in the tradition – the structure of its basic model is rudimentary. Yet it can perhaps shed some light on a variety of economic problems of our generation. (p.215)

The objective of providing insights into the workings of observed phenomena and explaining the structure of practical problems stands out in this passage. This explanation will also serve the purpose of helping understand problems and providing possible solutions.

Several comments were published following the 1967 Baumol article. The purpose of these comments was to contradict or correct statements Baumol had made regarding the workings of the productive and nonproductive sectors under the assumptions of his model, but, despite them, a lot of Baumol's model remained unchanged. Notably, in a single number of the *American Economic Review* (1968, Vol. 58, No. 4) there is Birch and Cramer (pp. 877-884) commenting on the assumption of perfect wage diffusion, Lynch and Redman (pp. 884-886) on real income and the distribution effect, Worcester (pp. 735-742) on the policy consequences to draw from the conclusions of the model, and Bell (pp. 877-884) on the adequacy of the measure of productivity used by Baumol. Baumol also published a general reply in this number, but this reply is so short that it only superficially

addresses the issues raised by all the comments. In this line of short comments to the model of unbalanced growth, Joan Robinson published, in 1969, what the author named "a belated comment", which was answered immediately, on the same page, by Baumol. Robinson attacks the affirmation that real costs of services suffering from the cost disease are rising, and Baumol answers that he meant the opportunity costs.

In 1972, the Baumol and Mary I. Oates published the article "On the Economics of the Theater in Renaissance London". The focus of the investigation is the prosperity of theatres in a small city, such as London in the Renaissance. In this article, the underlying motivation is to relate city size with the dynamics of the performing arts and to explore the relationship between the level of real wages and the supply of services (p.137). 1973 is marked by the short article "Income and Substitution Effects in the Linder Theorem", where Baumol clarifies his view on the income and substitution effects. His motivation seems to be, on the one hand, an admiration for the Linder theorem and its potential application to his own formulation of the model of unbalanced growth, and, on the other, the need to critically comment on certain aspects of its application.

After the series of reactions to *Performing Arts – The Economic Dilemma* that appeared in the late 60's and early 70's, papers specifically directed at criticizing or correcting aspects of the cost-disease formulation were not published for a while. Much later, in 1996, a special issue of the Journal of Cultural Economics was dedicated to the 30th anniversary of *Performing Arts: The Economic Dilemma* following a session about the subject. The brief introduction to the session by Mark Blaug points out the contributions of Baumol and Bowen's book to cultural economics and provides the inspiration for the continuation of the session: the hope that more people become aware and actually come to properly know this work.

Baumol's contribution to the celebration of *Performing Arts: The Economic Dilemma* focuses on the consequences for other sectors of the formulation of the model of unbalanced growth. The objective of his "Children of Performing Arts, The Economic Dilemma: The Climbing Costs of Health Care and Education" is to highlight the wider applications of a piece of theory initially formulated to be applied to the performing arts. It also serves the purpose of checking whether the scenarios anticipated by Baumol and Bowen thirty years before were verified or not and to explore the policy implications of the phenomenon of the cost disease.

For the 1996 publication, Alan Peacock writes on "The 'Manifest Destiny' of the Performing Arts". The objective of this article is to gather the comments that were made to Baumol's model of unbalanced growth through the years and give them some cohesion. Baumol's classical inspiration is the motive for Peacock's "parallel

between WB's model and the Malthusian view of economic development with its equal emphasis on potential catastrophe" (p.215).

David Throsby motivates his article for the 1996 celebration publication – "Economic Circumstances of the Performing Artist: Baumol and Bowen Thirty Years On" – with an eulogy of Baumol and Bowen's work. The focus of Throsby in this article is the performing artist, how he was characterized thirty years before and what changed since then.

Tyler Cowen's title "Why I Do Not Believe in the Cost-Disease" (1996) constitutes a teaser in itself and is explicit in terms of the path the author will follow. The motivation for this article is centered in one of the fundamental claims by Baumol, namely the one that states that the performing arts are a stagnant economic sector and they suffer from the cost-disease, and advocates cultural optimism regarding the evolution of the finances of performing arts companies. Cowen's objective is to show that the arts may be subject to kinds of innovations that could preempt the cost disease from developing the way it has been predicted.

2.2.2 Methods, Assumptions and Sources of Information

Performing Arts – The Economic Dilemma

Baumol and Bowen (1966) was innovative first and foremost because it approached an unlikely topic for economics in a detailed and dedicated fashion. The authors, however, did not want to depart from the traditional methods of economics:

It should be pointed out that the authors of this volume are economists who, despite their personal interest in the arts, felt strongly that such an investigation should be conducted as dispassionately as possible, and that it should be carried out much as one would study any industry beset by monetary problems. (Baumol and Bowen, 1966, p.4)

The self-definition of Baumol and Bowen as economists is meaningful because it immediately takes the reader into the sphere of the economy, i.e. of considerations about money, of quantification, of objectivity. Then the reader is informed about the personal interest of authors in the arts, one that will be put aside, but that is important since it shows that they know what they are talking about, not only in terms of the economics involved in the research, but also in regard to the arts. Any passion associated with this knowledge of the arts is discarded and one major assumption

underlying the whole work is revealed: the performing arts sector can and will be treated as any other industry competing in the market.

The method Baumol and Bowen describe is based on the gathering of empirical facts that would sustain their hypothesis: "In order to get at the problem, we naturally undertook, after formulating our basic hypothesis, to assemble the pertinent facts" (p.4). One of the most pressing problems Baumol and Bowen point out is that of collecting data; they complain of not having the needed data available, of finding unreliable data and of having to collect data themselves in order to overcome these issues. So the sources of information they had to resort to were mainly primary: the authors refer to collecting data from files, questionnaires, interviews and correspondence with practitioners in the performing arts. This information was treated statistically and econometrically. Although in the book Baumol and Bowen do not highlight the technical component of their study, in subsequent papers this is explored further, especially in defending the theory against attacks at its technical accuracy.

The performing arts Baumol and Bowen are referring to are live professional performance, including orchestras, commercial theatre, off-Broadway theatre, regional theatre, opera and dance; leaving outside of the scope of the book all mass media activities and amateur performance. The authors focus on the core arts that exhibit similar features in economic terms. The mass media do not share the live performative character with the arts and allow for reproduction. These characteristics are the opposite of what Baumol and Bowen consider to be the most important feature of the performing arts, i.e. the one that conditions the technological structure of the domain, namely that the work of the performer is the end product. As for amateur performance, its presence in the market is null, so it does not present the same issues as the core performing arts. This delimitation of the field of study is very sensible and serves the purposes of the study in all the right ways.

Subsequent articles by Baumol and critical articles

Performing Arts – The Economic Dilemma is mainly a book about the conclusions the research team arrived at after computing all the data they collected. The 1967 article "Macroeconomics of unbalanced growth: the anatomy of urban crisis" exposes the rationale underlying the theory that provided the basis for those conclusions. One assumption stands out:

This basic premise asserts that economic activities can, not entirely arbitrarily, be grouped into two types: technologically progressive activities in which innovations, capital accumulation, and economies of large scale all make for a cumulative rise in output per man hour and activities which, by their very nature, permit only sporadic increases in productivity. (Baumol, 1967, p.416)

In this passage, the expression "by their very nature" is relevant since it is not by chance or by historical factors that some goods and services fall into one category or the other; what defines this is the technological structure of each activity. The model used basically assumes an economy with only two sectors: one that is technologically progressive and another that is not. Three other assumptions are put forth: "...all outlays other than labor costs can be ignored. (...) ...wages in the two sectors of the economy go up and down together. (...)... money wages will rise as rapidly as output per man hour in the sector where productivity is increasing" (Baumol, 1967, p.417).

Critical papers that came out after the 1967 article focus both on the conclusions that Baumol drew from the construction of the model of unbalanced growth, and also on the assumptions put forth. They are mainly theoretical comments on statements made by Baumol; some contradicting its classical approach, others simply contributing to the discussion. In terms of method, the comments that came out in 1968, all in the same number of the American Economic Review, follow a specific scheme: they are short comments aimed at particular points of criticism. Subsequent critical papers like Bradford (1969), although longer and aiming at several issues, use Baumol's statements as the strict basis for the construction of their counter-argument.

The 1972 article "On the Economics of the Theater in Renaissance London" by Oates and Baumol struggled with data issues. It is based on clues left in the theatrical plays about how productions were organized, on registers of an entrepreneur and of a traveler, and legal documents. All economic indicators required to build an image of how it was in renaissance London present multiple computation problems that Oates and Baumol try to overcome, but readily admit. A description of Renaissance theatre in London in terms of organization, funding, prices, wages, etc. is put forth as a *compte rendu* of all the data collected. The calculus and the hard-core information that ground the claims made in the text are either in footnotes or in an appendix at the end of the paper.

Dominique Leroy (1992) criticizes Baumol for his analysis of 'trends'. Baumol's conclusions are based on assumptions and Leroy finds "rigidities", as he

calls them, which condition the conclusions: the constancy of productivity, the impossibility of substitution between labor and capital, the persistent changes in technology in the industry, the constant relation between the costs in the two sectors and the equality of salaries in the two sectors.

As for the first assumption, Leroy questions its absolute character; maybe in relation with the media industries (which serve as an example of a sector with inconstant productivity) things are not that immutable in terms of the division of benefits. To the second assumption Leroy objects that this might be true for classical works, but not for new ones where more capital can be used per unit of labor; he claims that due to this assumption the performing arts are viewed as mere reproduction and conservation of ancient works. The third assumption attributes to the progressive sector an ever-increasing growth in productivity due to persistent changes in technology, but the fact that the progressive sector uses increasing quantities of capital makes capital also increasingly expensive in relation to labor, which increases the prices in the progressive sector and undermines its supposed profitability.

Leroy, regarding the persistent changes in technology, claims that the increasing price of capital, due to its intensive utilization in the progressive sector, will make it more expensive, thus increasing the prices in this sector relative to the stagnant one. These movements may not totally overturn the Baumol effect but might reduce it. The constant relation between the costs in the two sectors assumption ignores demand for the assessment of productivity in the performing arts, which is what Leroy criticizes in Baumol. This means that Baumol is assuming stagnancy also in relation to the salaries of the consumers. Finally, the assumption of equal salary ratio in the two sectors is unrealistic because empirical research has shown that civil service is not aligned with private companies for example, which means that it cannot be stated that two sectors of the economy have the same salary rate of progression.

Leroy divides his comments into two sections:

1) The limits of Baumol's study are connected to the use of specific American data and to the relatively recent character of the main observations. (...) 2) The insufficiencies of the dynamic analysis and the integration impossibility of the problem of the quality in the models of unbalanced growth (pp. 196 and 198, emphasis deleted)

Baumol's analysis is conditioned by its American character because in the US the artistic organizations are non-profits in a market economy, i.e., they constitute an industry that produces a good; whereas in France, and many other European countries, the arts are viewed as a public service, widely subsidized, for centuries, by the state. So the evolution of prices, growth in expenses, and all other economic indicators that are used in Baumol's analysis have a different reading when taken out of their geographical context. Time also conditions the analysis in terms of the data presented, which concerns mainly the post-WWII period, when the Baumol effect is more sensible. The second set of criticisms relates to the use of an academic model that is ultimately unable to capture the qualitative changes and the real movements of the artistic production. Leroy claims that, to analyze this kind of unbalance in the performing arts, one cannot use a model where the reference is not the changes and the movements themselves.

But Leroy criticizes Baumol in a deeper way: he claims that Baumol only considered the technological structure of the performing arts organizations and not what he calls the "techno-aesthetical" one. By 'techno-aesthetical structure' he refers to the material result of aesthetical or artistic requirements. These aesthetic conditionings can be combined with other kinds of structures that are present within the organization (like economical, social, etc.) forming a coherent whole that constitutes the genre or style to which the organization is dedicated. This techno-aesthetical system is by no means static: it is fed by previous technological combinations and it is simultaneously the dynamic agent of change, through the confrontation of different aesthetic views.

So, according to our analysis, the baumolian methodology cannot resolve the problems of artistic creation and production due to inadequate instruments of analysis. By not trying to exorcise the notion of artistic creation and production from the bourgeoisie mystification and from its ideology, Baumol essentially considers only one type of organization where the product is established from the start, or where the programming is exactly an exogenous element to the model (p.244)

Leroy accuses Baumol of not taking into account the capacity of research and of innovation of the performing arts organizations. Baumol's model, thus, refers only to the task of reproducing previously written pieces and not to the functions of the performing arts organization as the creator of new products. The justification Leroy finds for the fact that works from the past are costly is that they were constructed in distinct economic periods, so to reproduce the socio-economic conjuncture takes

adjustments that increase costs. It seems Leroy sees the performing arts organization as having a certain standard of functioning that has to be broken if an ancient piece is to be faithfully reproduced. The standard that he mentions is research; this is what he considers to be the main activity of a performing arts organization and this is also one of the major points of disagreement with Baumol. Research is what is perpetual in the performing arts activity and not the reproduction of classical works as they were first put on stage. To alter the classical works in innovative ways also qualifies as research. This view mainly intends to introduce aesthetics into the economics of the performing arts instead of how Baumol tried to approach the issue: by abstracting from whatever artistic considerations there might be.

In his 1996 paper "Children of Performing Arts, The Economic Dilemma: The Climbing Costs of Health Care and Education" Baumol uses his usual method: the author starts by providing an empirical analysis of the sectors under study, in an attempt to show their rising costs across time, and then derives political consequences from the proven cost disease. In this article, thirty years after the formulation of the cost disease, Baumol uses data and information collected by other cultural economists that took on his initial research and developed further proof of the cost disease for the United States and other countries. In terms of assumptions, those used in the initial formulation of the cost disease remain, especially the one referring to a single factor of production and that of perfect factor diffusion.

Regarding other contributions to the celebratory publication, their styles of argument vary. Alan Peacock's 1996 "The 'Manifest Destiny' of the Performing Arts" uses a parallel between Malthus's theory regarding demography and economic development and Baumol's cost disease conception, which emphasizes the classical connotation Baumol's writings have. The author uses this parallelism in order to motivate the discussion of the grim predictions made by Baumol and the implications it has for the sector and in political terms.

David Throsby's research has been, through the years, devoted in part to the status of the artist. So his contribution in "Economic Circumstances of the Performing Artist: Thirty Years On" (1996) is based on solid data resulting from a survey conducted in Australia. The statistical treatment given to the data focuses on income and its relation to career choices and training, according to a model of earnings determination proposed by Throsby. In a comment to David Throsby's article, Ruth Towse (1996) points out the data problems economists are faced with and how those problems may condition the conclusions arrived at. Tyler Cowen's "Why I Do Not Believe in the Cost Disease" constructs his paper around the

contradiction of the stagnant character of the performing arts by providing examples of cases in the arts that run against that claim. Cowen states that the demonstration of his argument will be made via empirical evidence; this is not indeed presented but the reader is directed to a study conducted with Robin Grier (1996) where data was treated by measuring productivity in alternative ways.

2.2.3 Descriptions and Conclusions

Performing Arts – The Economic Dilemma

The 60's were marked by the idea of the 'cultural boom', meaning a great increase in the interest in the arts and a general growth in the production of art. This was a generalized belief with the major impulse coming from the book by Alvin Toffler, *The Culture Consumers* (1965). In order to check the accuracy of the claim of a cultural boom, Baumol and Bowen (1966) investigated whether there was an increase in interest in the performing arts or not; their conclusion was that the growth of the performing arts was minute. So the authors demonstrated that, under an economic perspective, the performing arts continued to do as badly as before the so called 'cultural boom'; the crisis had not gone away, people were still not attending performances. Baumol and Bowen suggested that the cause of this misunderstanding might be a misreading of the data. In several situations referred to by them, there are problems connected with reading absolute figures that seem impressive, while on average terms they reveal little increases or no increase at all. One example is the amount of expenditures on the arts that seemed to grow immensely, but that, over a long period, the rate of increase was average for all goods and services (B&B, 1966, p.43).

Baumol and Bowen started their analysis of the economic functioning of the performing arts by analyzing the audience of performances. As the authors mention, it might seem useless to explore the characteristics of the audiences if one is trying, as they are, to see the performing arts "dispassionately". The authors, however, cited four reasons for this analysis to be relevant for the study: first, because knowing who is the audience helps finding out who is not, therefore helping to arrive at conclusions about the people who are being deprived of the good thing that the arts are believed to be; second, because for analytical reasons regarding ticket pricing and distribution policies; third, because it helps the evaluation of the "desirability and political feasibility of government support" (ibidem, p.71); and fourth, because it is a study of demand for the product performing arts. Despite some

limitations of the data and problems which arose during its statistical treatment and interpretation, the conclusions were that there is enormous homogeneity in the composition of the audiences in relation to several variables: geography, companies, art forms; and that the composition of the audiences is mainly young to middle-aged educated people with high income. This means that "[o]bviously, much still remains to be done before the professional performing arts can truly be said to belong to the people" (ibidem, p.97).

A lot had to be done also regarding the position of the artist in the economy. Baumol and Bowen described the living situation of the performer, the composer, the playwright and the choreographer, and it was quite dreadful:

In many ways, then, the working conditions of the performer fall below what might be considered reasonable standards. His exhausting tours, high professional expenses, frequent unemployment with its accompanying uncertainty, the rarity of paid vacations and the frequent lack of provision for retirement, all add up to what most of us would consider a nightmare world were we suddenly plunged into it. (...) But to make real progress in [the direction of providing year-long employment for artists and public reconnaissance of their need for support] it is necessary to come to grips with the vexing financial problems of the performing organizations themselves. (ibidem, pp.134-135)

The financial state of the organizations that produce performing arts is assessed by analyzing the structure of these organizations. In this analysis, the authors conclude that, in some cases, it is observable that there are large budgets in performing arts organizations; further investigation reveals that the costs with personnel absorb most or a significant part of this money. The funding comes mainly from gifts and grants, and the rest from box office receipts. Here the notion of income gap enters: it is "the gap between expenditures and earned income" (ibidem, p.147). This means that on average the performing arts organizations cover the difference between what they get from actually selling performances and what they have spent on producing them with gifts and grants.

This is the amount which, at present time, society must be prepared to contribute, if the nation's existing performing arts organizations are to be kept solvent. (...) Here then is the problem of the performing organizations: the pressure that is imposed by the nearly universal financial gap, and the threat to quality which hangs over a group that incurs a significant and protracted deficit. (ibidem, p.151 and p.157)

In this passage Baumol and Bowen call attention to the civil commitment towards the arts, the obligation people must be ready to face of keeping the arts alive in a market not amenable to their technological constraints. Furthermore, the idea of a trade-off between financial health and artistic excellence is put forth.

The productivity gains had been growing steadily in the US at an impressive rate due to "new technology, an increasing capital stock, a better educated labor force, economies of large-scale production (...) The live performing arts have not shared fully in this growth in productivity" (ibidem, p.163). Though the performing arts have enjoyed alterations in their technology, namely in the media through which they get to their consumers, viz., television, cinema, records, etc., these are also very different economic activities, that constitute fierce competition to the live performing arts. Other technological innovations have benefited the live performing arts, but in minor ways; the examples given are air conditioning and airplane traveling.

Some of these technological changes have somehow affected the functioning of the performing arts organizations, but

[t]he characteristic of live performance which precludes substantial changes in its mode of operation is that the work of the performer is an end in itself, not a means for the production of some good. (...) The performers' labors themselves constitute the end product which the audience purchases. (...) Whereas the amount of labor necessary to produce the typical manufactured product has constantly declined since the beginning of the industrial revolution, it requires about as many minutes for Richard II to tell his 'sad stories of the death of kings' as it did on the stage of the Globe Theatre. (ibidem, p.164)

Here is presented a clear definition of the product of the performing arts: the performers' labors themselves constitute the end product which the audience purchases. This means that it is not possible to decrease the total amount of man-hours for the provision of the same performing arts product.

In the model the authors propose there is an economy with only two sectors: one that has raising productivity and another whose productivity is constant. As in the Scitovskys' article, the economic progress is measured by the output per man-hour. The main argument lies in that the market forces cause the earnings of labour to rise proportionately to the increase in productivity, which corresponds to a rise in costs for the employer firm. A laggard sector has to cope, on the one hand, with increasing costs with labour and, on the other, with stagnant productivity. They cannot produce more, but they have to pay more for their labour force, which leads

to an everlasting decrease in earnings. The way the Scitovskys' put it, in what concerns theatre, is that cinema is a strong competitor with great advantage in terms of ability to profit from increases in productivity; moreover, "[t]he economics of the mass market are such that it is almost always more profitable to cater to the tastes of the unsophisticated majority than to those of the sophisticated minority, however saturated the former and unsatisfied the latter segment of the market may be" (Scitovsky, 1959, p.104).

Baumol and Bowen establish that productivity tends to lag behind, and then they turn to an analysis of expenditures. The authors construct their rationale on the assumption that we have two sectors in the economy: one in which productivity is rising and another in which it is constant. The main point is that the sector in which the productivity is rising can afford to pay higher salaries to the employees because, every year, each worker produces more due to one or many of the sources of productivity gains mentioned above. In the constant productivity sector, however, this does not happen, but still the general living standard has risen due to the fact that the other sector has gained productivity and increased salaries. Thus, the constant sector has to face the financial standard set by the rising sector, so that it can keep on having workers.

The earned income of a performing arts organization comes mainly from the ticket sales; so the price for tickets is taken to be the price of a performance. The rationale for the evolution of prices goes as follows: if the costs go up, the prices should also increase at least in the same proportion, which would allow for the relation between cost and revenue to remain the same. The observation Baumol and Bowen make is that prices have been lagging behind costs, thus increasing the income gap persistently. The authors point out three reasons for the prices not to increase: "(1) the disinclination of individual arts organizations to raise their prices, on moral grounds; (2) the place of the arts in the ticket purchaser's hierarchy of necessities; and (3) the forces of competition" (ibidem, p. 172). The conclusion that draw is that "[t]he pattern of technological change causes cost of live performance to rise progressively, while at the same time it limits prices through the competition of the mass media" (ibidem, pp.174-175).

Baumol and Bowen also put forth conclusions about trends in costs, trends in income and trends in the income gap. These trends will also be the base for further studies that will test the accuracy of these predictions. When analyzing the data, Baumol and Bowen are trying to find information about whether the rise in costs is greater than the general increase in prices. But in order to go as far back as possible, the authors analyze very few companies (one or two) and only orchestras

because that is the data they have found. In spite of all the provisos about the data, Baumol and Bowen get to the following conclusion:

The over-all results, then, are sufficiently clear and dramatic. They confirm the impression that costs in the performing arts do indeed rise, and that they outstrip prices in the rest of the economy. Whatever else one may conclude, it is clear that the cost problems besetting the performing groups are no mere reflection of the rate of inflation characteristic of the economy as a whole. (ibidem, p.198)

Baumol and Bowen also entertain the possibility of performing arts organizations being able to benefit from economies of scale, in much the same way as the majority of the other sectors of the economy. The question, therefore, is whether or not the performing arts organizations, by increasing the number of performances, can lower their costs per unit. The statistical data shows that six out of the eleven orchestras the authors analyzed present economies of scale up to a certain point and then costs rise again.

The costs with artistic personnel are the biggest item in a performing arts organization's budget and salaries in general absorb most of the available money. Again, Baumol and Bowen present data for eleven orchestras that show a decrease in the proportion of salaries in total budget, which means that salaries are not responsible for the increase in costs. Despite this, since fringe benefits had been increasing, costs with personnel had been rising also. The other categories of costs are simply "production expenses (including stage expenses, hall rental or operating costs, etc.); and 'all other'". Each of the last two classes has increased somewhat more rapidly than personnel costs over the postwar period" (ibidem, p.212). The main issues at stake here are that it was not due the performers' salaries that costs had been increasing and that, in comparison with other sectors of the economy, the performers' salaries had been growing slower. These difficulties with the performer's income may lead to shortage of people wanting to be performers – a hypothesis that was not fully confirmed by Baumol and Bowen's analysis – and to the deviation of certain specialized artists to fields, such as the media, where they are better paid.

The receipts of the performing arts organizations are dependent on the demand for performances and on the price of the tickets charged for attending the performances. Firstly, Baumol and Bowen turn to demand. The relation between supply and demand, for the authors, is revealed by the proportion of attendance in relation to capacity; excess capacity means "an opportunity to expand revenues without a commensurate increase in expenditures" (ibidem, p.237). The performing

arts appear not to be wasting too much of their capacity in general, and moreover most of other industries also do not achieve their full capacity. So this leads to the conclusion that increased attendance is no solution for the financial problems in the performing arts because there is not much room for more audience.

The mass media influence the receipts of the performing arts structures because they are their major competitors. Baumol and Bowen name the factors that might have provoked the deviation of audience from the live arts to the media: the rising costs; the vulnerability of the audience due to the lack of quality of the performing arts, especially in the rural areas; the informative function of cinema and television, mainly in periods of war; and finally, the broadcasting of performing arts, which of course doesn't fully replace the live experience, but which is close enough to serve as a substitute. Some earnings, nevertheless, come from the media industries to the live arts: "they have provided some compensating earnings to the performing organizations in the form of payments for movie rights and fees for broadcasting and recording. From the point of view of the industry as a whole (...) payments from these sources are comparatively small and very unevenly distributed" (ibidem, p.247). To combat this competition of the mass media, the live arts can invest on variables that they can control such as advertising and community involvement, or make the tickets get to people in easy and efficient ways. More importantly, the programming is decisive for the definition of the audience and of the amount of attendance. Baumol and Bowen conclude from their analysis that when a contemporary work is presented the attendances decreases. The authors say that economic considerations should be taken into account when a performing group is delineating the program because otherwise some groups might be "committing financial suicide".

Baumol and Bowen call attention to the fact that the price of a ticket has a wider meaning than just the amount of money paid at the box office. The audience incurs in other costs associated with attending the performance, such as costs with transportation, parking, baby-sitting, etc. These costs can double the cost of the ticket, so "even if ticket prices were to remain constant, related costs would continue to make attendance more expensive" (ibidem, p.264). This complicates decisions about ticket pricing; tickets are both an instrument of audience attraction and a source of income, thus, on the one hand, it tends to be minimized and, on the other, maximized. These two objectives are not easy to be made compatible. So, if the demand for performing arts is price elastic, then an increase in price will not correspond to an increase in revenue because the decrease in the amount of people attending offsets the increase in price. If the demand is inelastic, an increase in

price will amount to an increase in receipts. Baumol and Bowen present pieces of evidence to prove that the demand tends to be inelastic. Nevertheless, they make the proviso that this is not an accurate calculus of the elasticity of demand. But if this is so, then the prices should have gone up faster than they have. This is not the case because of the moral responsibility of the arts organizations toward the less fortunate and the fear of loss of public.

Regarding the trends in income gap, there is an assumed problem with the data. Only five organizations are considered and none of them from theatre. Very few considerations are made, but the authors conclude that, in spite of strong fluctuations, "the income gap has been growing, and it has been doing so quite steadily" (p.298, emphasis deleted). This assertion has been tested several times in later literature.

Finally, Baumol and Bowen elaborate on specific forms of possible support of the performing arts, namely: contributions by individuals, private institutional support, and government support. The authors spell out their rationale of public support: "The argument is simple: if through no fault of their own the arts cannot survive without public support, the necessary support must be provided. § However, the conviction that government should do more for the arts is by no means universal." (p.369) In aid of the for-government-support side come the following arguments: "a variety of side effects reputed to flow from the arts are brought to our attention, consequences ranging (...) from the enrichment of the nation's expanding leisure time to the provision of employment opportunities" (p.370); plus the argument that the arts have an intrinsic value that should be preserved and stimulated. Against government support come the following arguments: "poverty is good for the arts and stimulates creativity"; "there are higher priorities"; "government support of the arts would serve mainly to displace private funds"; there is the "danger of public control"; and "it can effectively dampen [the arts] vitality" (pp.375-376). Baumol and Bowen refute most of these arguments: poverty has proven not to be good in any case; the fact that there are other sectors in need for attention and money doesn't mean that culture should be forgotten; it is not possible to determine whether the state intervention stimulates or not private donations; it has been seen that private contributions constrain much more than state funding; and as for the last argument, the authors say it is possible that the state tends to subsidize the more established groups and leave out the more experimental work, but this doesn't affect the US that much because they were, at best, in the beginning of the implementation of a mixed system where public and private contributions would be in place simultaneously.

Baumol and Bowen dedicate some pages to the exposition of what "the economist recognizes [as the] three basic grounds which can legitimately be used to defend government subsidy of unprofitable activities" (p.378). The first is inequality of opportunity; the second is that some people are unable to decide for themselves how their income should be spent, namely children; and the third is the public goods characteristics of the performing arts. The benefits deriving from these characteristics come in four forms, according to Baumol and Bowen (1966): national prestige; additional business for complementary activities like hotels, restaurants, etc.; preservation of the cultural patrimony for future generations; and enhancement of education of younger people through the early exposition to the arts.

General predictions put forth at the time indicated that there would be growth in the income gap and in expenditures; that performers' salaries would rise at the same pace as other salaries in the economy; that audience would increase more rapidly than the population; and that the evolution of costs and revenues would maintain its rhythm. As for contributions, if they were to remain in the level of 1963, in 1975 the deficits in the performing arts organizations would be unbearable, so the authors' conclusion is that people involved in the performing arts will have to make an effort and that the propensity to give is enough to make their donations increase in the amount needed. Also government support tends to increase, so the deficits can be financed by this source.

Baumol and Bowen's seminal book leaves a series of basic lines of research that were the inspiration and starting point of a great part of research in the economics of the performing arts. Here are some of the most fundamental lines: audience analysis and demand studies; the status of the artist in the economy; cost and revenue analysis – definition of the income gap; productivity analysis – Baumol and Bowen formulation of the concept of the cost disease; issues of competition, namely with the mass media; trends in costs and income; the relation between supply and demand; ticket pricing decisions; the political economy of the support to the performing arts.

Subsequent articles by Baumol and critical articles

In terms of conclusions, the 1967 article by Baumol – where the model of unbalanced growth is presented in a more general manner – is more objective and rigorous. Four propositions derived from the model are put forth:

Proposition 1: The cost per unit of output of the sector 1 [the one with constant productivity], C_1 , will rise without limit while C_2 , the unit cost of sector 2, will remain constant. (...) Proposition 2: In the model of unbalanced productivity there is a tendency for the outputs of the 'non-progressive' sector whose demands are not highly inelastic to decline and perhaps, ultimately, to vanish. (...) Proposition 3: In the unbalanced productivity model, if the ratio of the outputs of the two sectors is held constant, more and more of the total labor force must be transferred to the non-progressive sector and the amount of labor in the other sector will tend to approach zero. (...) Proposition 4: An attempt to achieve balanced growth in a world of unbalanced productivity must lead to a declining rate of growth relative to the rate of growth of the labor force. (Baumol, 1967, p.419)

Activities such as marketing and higher education fall under this categorization, but they have inelastic demands, so they keep on surviving. In cases where demand is elastic (relative to price and income), like in the case of fine pottery or fine restaurants, these goods and services tend to simply disappear. This article generally sums up what Baumol and Bowen had said in their 1966 book about the performing arts, but now they apply it to other situations.

In an article published in 1969, Bradford claims that Baumol is too pessimistic in his analysis of the unbalanced growth and that "he attaches too great an importance to the rate of exchange between the two commodities, to a rather unlikely expansion path, and to a growth rate of doubtful welfare significance" (Bradford, 1969, p.292). This author exposes Baumol's propositions and then rephrases them including his suggestions. What Bradford adds in proposition 1 is basically that not only costs will decrease tending to the limit of zero, but also output will increase to infinite in sector 2, so the opportunity cost of a unit of Y_2 will fall to zero. The utility function thus shifts outward, which can be prevented by political measures. This means that certain products are just not consumed anymore due to their prices relative the progressive sector, and that only political action can work as a correction of this situation, always running the risk of paternalism. Joan Robinson (1969) also points out that it is inaccurate to talk about an increase in the real cost of sector 1's output. The nominal cost does rise (as does the relative cost), but the real cost remains constant. Once the wages increase, the costs increase, therefore wages grow at the same rate as the production costs. Baumol (1969) replies that by real unit cost of a service he intended its opportunity cost.

In consonance with proposition 2' by Bradford, Michael Keren, in a 1972 article, tells us that propositions 2 is false and, consequently, so are the conclusions derived from it. He proves mathematically that it is not the output of the non-

progressive sector that declines, but the output of the progressive that rises more, causing the ratio between the two outputs to approach zero. Instead, the output of the non-progressive sector is constant. Lynch and Redman, in 1968, had already called attention to the problem that “Baumol overlooked the fact that real income, as well as the prices of non-progressive goods, is rising and therefore that price elasticity is not a sufficient condition for the demands for certain non-progressive goods to vanish” (Lynch and Redman, 1968, p. 885, emphasis in original). They claim that the examples Baumol gives, namely the performing arts, are goods that tend to become luxuries, thus implying that their income elasticity of demand is high, which was actually one of the conclusions of Baumol and Bowen’s book. The problem might be that fewer people are wealthy enough to consume these goods and services or that the people’s interests have turned away from certain goods (such as Baumol’s examples about fine pottery), thus reducing the output. Baumol recognizes his misinterpretation in proposition 2 in a note called “Macroeconomics of Unbalanced Growth: Reply”:

In the initial discussion of my model, I simply misinterpreted the rising relative cost of the urban public services to mean that it will become harder society to provide them. As Keren shows, the rising productivity elsewhere in the economy that is the source of the increasing opportunity cost of the services, also automatically means that the community will be able more easily, if it wishes to pay for these services, despite their rising cost (Baumol, 1972, p.150)

In Proposition 3, Bradford questions the pertinence of wanting to maintain fixed proportions between the two outputs, once that would lead to the necessity of allocating an ever increasing amount of labor force to sector 1, to the limit of sector 1 absorbing all the available labor force. Proposition 4 of Baumol means that either the world is unbalanced, consequently, the growth of the two sectors is unequal, thus the weakest activity tends to disappear, or the world is balanced and then both the productions of the two sectors decline globally. What Bradford adds is that, given any limitation to the relation between the amount of labor allocated between the two sectors, the growth of output will be the one of the lagging sector.

Bradford also criticizes the single-factor assumption by saying that it is not as “innocent” as Baumol wants to convey. Baumol’s model contemplates only one production factor, which is labor; simultaneously, the relative prices are the focus of the growth model. This means that absolute prices – those that are influenced by the

assumption that wages increase with productivity – are not considered. So the analysis is not affected by that assumption.

J. W. Birch and C. A. Cramer (1968) suggest that the assumption of perfect wage diffusion allows for the unit costs in the non-progressive sector to remain constant or even decline. The proportion of labor distributed between the two sectors conditions the effect of wage diffusion. Maintaining the ratio of output of the two sectors constant, as the amount of labor employed in sector 2 diminishes the influence of wage growth in sector 2 on the wages of sector 1 should also decline. Consequently, imperfect wage diffusion would reduce significantly the 'cost-disease' in the non-progressive sector.

The article "On the Economics of the Theatre in Renaissance London" published, in 1972, by Oates and Baumol describes the workings of theatre in that historical period. It raises the issue of the relation between real wages and the prosperity of theatre at a time of high inflation. Theatre as a labor-intensive activity benefited, in terms of costs, from lower real wages and, at the time, the affluence of public to the city and to the theatre was particularly intense, therefore theatre was attractive because it could offer cheap tickets compared to other competitors to the potential audience: the existence of a substitution effect is suggested. Oates and Baumol also point out that economic prosperity may not be favorable for the development of theatre, in times of high real wages theatre has not seen splendor: "It follows that one cannot simply assume that growth in GNP will bring with it a prosperous and innovative drama" (Oates and Baumol, 1972, p.155).

The concerns with the income and substitution effects are taken up again in 1973, in an article where Baumol elaborates on the Linder Theorem and its consequences for the performing arts. The main point of this paper is that Linder has shown that goods that tend to be considered luxury and that are highly time-consuming will see a persistent decrease in demand. Baumol adds this insight to his previous formulation of the cost disease affecting the performing arts and leaves a hint at the end of the paper about the predictable decimation of the performing arts and consequent loss to society.

In the compilation of texts *Economic Research in the Performing Arts*, published in 1983, Samuel Schwartz has an article (which is in sequence with another article of his own, published in 1982 in the *Journal of Cultural Economics*) called "Growth of the Earnings Gap: Some Preliminary Evidence". Schwartz takes the central proposition of Baumol and Bowen – which is "the natural tendency of the earnings gap to widen as the 'inescapable result of the technology of live performance'" (Schwartz, 1983, p.9) – and develops it by stating that there are two

components in the growth of the earnings gap: the “natural growth” and the “output growth”.

If we now take the Baumol-Bowen thesis to its logical conclusion, it should be restated as follows: at the same level of output, there is a natural tendency for the earnings gap to widen as a result of the technology of live performance, allowing for only limited increases in productivity, which we shall call its ‘natural growth’.
(ibidem, p.10)

The growth due to output increases works in the following way: an increase in output (passing from 10 to 20, for instance) carries with it an increase in costs (from 50.000 to 100.000); if income rises in the same proportion (from 40.000 to 80.000), then the income gap also rises (from 10.000 to 20.000). There was no alteration in wages, but the income gap has become twice as wide.

The formulation of the growth of the earnings gap with these two segments and the analysis of some empirical data led Schwartz to state three conclusions: keeping the level of output and the earned income constant, the costs with artistic personnel and the earnings gap are increased by equal increments because they both depend on the rises in productivity in the rest of the economy and because he assumes other costs to be constant; older and more established organizations have smaller growth rates of the earnings gap, because the natural growth rates continuously decline until it reaches its lower limit and because at the beginning the organizations tend to expand, but later limit their output; and the earnings gap can only grow if there are contributions to fund that growth (ibidem). So, in Schwartz’s interpretation of the earnings gap, if it grows above the natural growth rate that means that the organization is expanding its output, which is probably good; if it grows below that rate, it means that the costs are increasing relative to the revenues, but without increase in output, without development of the activity. Thus, the main point is that, contrary to what might be thought, smaller growth of the income gap doesn’t forcibly mean less necessity for subsidies and better health of the performing arts organizations; it probably means contraction of the output, which can be in terms of quantity and/or quality.

Eddie Shoesmith reviews and criticizes some of Schwartz’s claims in a 1984 article, published in the *Journal of Cultural Economics*, called “Long Term Trends in Performing Arts Expenditures”. His main point is that, because Schwartz’s model assumes fixed technical coefficients in the production functions for each branch of the performing arts, it doesn’t account for some changes in the production structure

that are visible when analyzing empirical data. Data over longer periods than the ones Schwartz used prove, in Shoesmith's analysis, that the weight of costs with artistic personnel did not increase and that neither was the income gap rising in relation to the total expenditure. In regard to Schwartz's discussion about the differences between older and younger organizations, Shoesmith says there should be more information about the initial conditions in the model.

Shoesmith refers to the evidence that suggests that the performing arts have a roughly fixed production structure, and proposes a distinction between 'production structure' and 'cost structure' where "'production structure' usually refers to a mix of factor inputs expressed in quantity terms, whereas 'cost structure' refers to a factor mix measured in value terms" (ibidem, p.64). Since data shows that the salaries of artists have been going down persistently, then the "the evidence for a slowly changing factor mix (in quantity terms) is strong" (ibidem, p.66). Even if salaries constitute the majority of expenses of the performing arts organization, it is probably not salaries paid to artists. This proves that if one assumes a constant production structure for the performing arts organizations, as did Schwartz, then one will be using a wrong assumption, which undermines the whole analysis leading to false conclusions.

In 1992, Dominique Leroy publishes *Economie des Arts du Spectacle Vivant* (*Economics of the Live Performing Arts*²), a book with a thorough analysis of Baumol that deeply questions the actual existence of a cost disease as Baumol has formulated it. The author reviews the formulation of the cost disease and analyzes French data to check its validity. Leroy distinguishes between two phases in which the societies might be: one phase of industrialization and another of post-industrialization. He claims that the cost disease works almost universally (in terms of time and space, and given liberal or quasi-liberal political regimes) in the first case, but that in the second case this is not so. In this latter phase, the production of goods and services of non-progressive sectors will predominate, which will change the system of competition from one based on quantitative and financial indicators to another founded on the evaluation of quality and on political factors. In this kind of society, the vanishing productions of the stagnant sector will be subject to protection and reconstruction on political grounds. This means that the artistic creation moves out of the status of a material economic product and 'escapes' the economic logic. The question that Leroy proposes is in what sense are the arts economic:

² The translations are all mine.

It is a matter of knowing if the cultural problem is partially economic (and financial), or if it is (and will remain) essentially economic (importance of the economic dilemma), or if it is mainly other and accessorially economic (political problem of a different nature)(p.192)³.

In 1996, Baumol's article "Children of Performing Arts, The Economic Dilemma: The Climbing Costs of Health Care and Education" looks into the workings of others sectors like health care and education, and extends the idea of the cost disease to them. The empirical analysis developed by Baumol for six big countries showed that costs in these sectors had been constantly rising at a rate superior to inflation. Baumol discards other possible causes for this phenomenon and then attributes it to the differences in the productivity growth rates of the typical developed economy (p.193). The reasons why stagnant services were unable to increase their productivity growth are that "some of them are inherently resistant to standardization" and that "in many of them quality is, or is at least believed to be, inescapably correlated with the amount of labor expended on their production" (p.194). Baumol explores the possibility of other services besides the already mentioned performing arts, health and education also suffering from the cost disease. Several services appear to be candidates for an analysis based on the principle of the cost disease given their slow rate of productivity increase and high rate of growth in costs.

The case of the performing arts is highlighted in Baumol's 1996 article as the example of how advances in technology are not the straightforward solution to the problems of a stagnant sector. Baumol distinguishes two components in the media industries production: one that is progressive and another that is not. The core artistic component that is used to build the prototype – an hour of acting for a TV episode of a soap opera for example – is not possible to accelerate, so it belongs to the laggard sector of the live performing arts. For the broadcasting services technological change has provided increases in productivity through the years, so it is a progressive sector. The development of an activity that uses the performing arts as an input and that is progressive does not solve the productivity lag that exists for the performing arts.

Finally, Baumol explores the reasons why these laggard services keep on surviving. The reasons presented for education and health are not directly applicable

³ Il s'agit de savoir si le problème culturel est partiellement économique (et financier), s'il est (et restera) essentiellement économique (importance du dilemme économique), ou s'il est principalement autre et accessoirement économique (problème politique d'un autre ordre) (p.192)

to the performing arts because they assume a constant rise in the consumption of the services. This might be true for services connected with basic needs, but it is not that obvious for the performing arts.

Alan Peacock's contribution for the 1996 publication celebrating 30 years of *Performing Arts – The Economic Dilemma* shows how it is possible to compare Malthus and Baumol. Peacock points out the "apocalyptic vision" (p.217) in the predictions of both authors, although Baumol's view was more positive in the sense that it showed resources could be transferred to the performing arts without much damage to other sectors. Peacock explores the strategies of survival of the performing arts organizations facing the cost disease and highlights the importance of knowing what "output" means in order to analyze them. People may take action regarding their difficult situation while working in the performing arts, but this action must respect some fundamental principles in terms of the maintenance of the identity of the output itself. The strategy of reducing labor units per unit of output compromises the identity of existing companies and existing plays, but if we consider the possibility of a change in the objectives of theatre companies and the creation of new groups whose aim is to perform plays with smaller casts, then it does not totally hinder theatrical creation. Other strategies used to cope with difficulties are downmarket production and canned performance (p.220), meaning festivals and the like, which are negatively associated with giving in to the market and letting go of artistic objectives. The position of the government is, for Peacock, peculiar: stimulus to the development of the performing arts is defensible under the argument that it produces externalities, but, as Malthus was worried about the poor's relief would increase that class of people instead of reducing it, Peacock points out that there is no definite way of determining what is the right amount of support to the arts or the best of providing it.

David Throsby also contributes to the celebratory volume with an article about the status of the performing artists. In "Economic Circumstances of the Performing Artist: Thirty Years On" Throsby, using information extracted from a survey in Australia, concludes that the returns to creative labor in the performing arts are low and possibly declining (p.228) and explores possible causal factors leading to this situation. Throsby attributes the phenomenon of decreasing returns in the performing arts to cuts in wages due to the cost disease, to a decline in the level of real wages, and to a greater offer of workforce than the jobs available. This means that the grim picture Baumol and Bowen painted is not much different in 1996 than it was thirty years earlier. This situation calls for coping strategies, namely: engaging in some other work. As Throsby points out, this has significant implications: working an extra

hour in another activity is more profitable than in a creative activity; training is important not strictly as a means to get a job performing, but as a means to get an arts related job such as teaching; and the time spent at other works takes away time that could be spent on the artistic occupation. Throsby then discusses how the strategy of using the media to increase revenue proposed for the performing arts companies can be used in the case of the artist. The problem is that it becomes increasingly attractive for artists to work in media productions because the pay is higher, thus withdrawing those artists from live performance. Furthermore, it has a strange effect on the putative correlation between quality and income because "the media artists appear to have undergone somewhat less arts training overall and to be less well educated than their live-arts counterparts, yet they are able to spend a greater proportion of their time at their primary creative work, and they earn substantially higher creative incomes" (Throsby, 1996, p.235).

In the same number of the *Journal of Cultural Economics*, Tyler Cowen writes "Why I Do Not Believe in the Cost Disease". He identifies two ways in which the cost disease has been defined: one focuses on the increase in wages in the progressive sector that causes an increase of the opportunity cost in the artistic sector, which leads to the unavoidable decrease of the artistic production; the other allows for the possibility of positive income effects, i.e., the performing arts can continue to be produced because the progressive sector has become very cheap and needs little human labor, thus people can afford to work in the arts, despite its high price. But Cowen's main point is that the performing arts are not a stagnant sector, so there is no decline in productivity and no cost disease: "The performing arts enjoy innovations in process and innovations in product" (Cowen, 1996, p.208).

The innovations in progress relate to the use of new technology to help especially the diffusion of the performances. The author states that performance is not asymptotically stagnant as Baumol had claimed, that the irreducible labor costs associated with producing performing arts is not different from the same costs in manufacturing industries and refutes the idea that performing arts through the mass-media turn into something else that is not a performing art anymore. In the defense of his later claim, Cowen says that, when people buy a record, for instance, "consumers are receiving musical services nonetheless" (ibidem, p.209). As for the claim that the irreducible labor costs are the same in both sectors, Cowen adds a note that leads the reader to another article called "Do Artists suffer from a Cost-Disease?" published in the same year and that he wrote with Robin Grier. Their discussion focuses on the attempt to prove that the arts are not labor-intensive; or at least not as much as it is commonly thought they are. The authors stress the

importance of new technology and infra-structures and point out examples that involve movies, rock music and painting which are not the performing arts Baumol and other authors were referring to when exploring the notion of cost disease. The product innovations that Cowen points out are related to the creativity of human labor. To refute the hypothesis of the existence of the cost disease, Cowen claims also that the empirical evidence that supports it is based on a wrong measurement of productivity for three reasons:

First, the productivity measures do not account for increases in product quality. Second, the productivity measures do not account for increases in diversity. Third, cost disease studies usually select opera, theatre, and the symphony orchestra. Cost-disease proponents display an unjustified bias towards 'high culture'." (ibidem, p.211)

So, a climate of discussion about the economic aspects of the arts in the 60's triggered the writing of *Performing Arts: The Economic Dilemma* and this book opened ways for other researchers to follow and to further explore the issue of the economics of the performing arts. In this section, the focus was the exposition of the fundamental ideas proposed book and the direct comments and criticisms written about them.

Baumol and Bowen describe the performing arts sector in the US in 1966 and Baumol pursues this line of research throughout the years. The main aim of the body of research conducted around Baumol's ideas is to explain why the performing arts sector behaves as it does in the market. The argument is that this sector of the economy does not enjoy increases in productivity as others do, due to the technology it uses. The targets of most criticism to the model of unbalanced growth proposed by Baumol were its restrictive assumptions, and issues concerning the type and interpretation of data. It is noteworthy, however, that the validity of the general conclusion was not shattered by those comments. The comments regarding specific assumptions or conclusions represent additions to the theory or contributions towards a better formulation and understanding of the model, i.e. the intention does not seem to be to destroy the greater upshot of the model. Even when Cowen claims not believing in the cost disease, the one thing he actually does is call attention to the fact that the artistic sector itself is changing, thus allowing for new forms of production that include progressive technology, therefore escaping the cost disease.

Cultural economics developed from here; in the following sections the body of literature in cultural economics regarding the performing arts will be explored.

2.3. The economics of the performing arts a decade after

Apart from Baumol and Bowen's major work on the economics of the performing arts, a few other authors devoted full books to the theme. Notably David Throsby and Glen Withers published *The Economics of the Performing Arts* in 1979, also a reference in the field, to which I will turn now.

2.3.1 Motivation and Objectives

The Economics of the Performing Arts appears more than 10 years after Baumol and Bowen first studied the performing arts as an economic sector. In the introduction, it is noticeable the path that the discipline had already taken:

Hence in the late 1970's it is scarcely necessary any longer to begin a book like this with an apologia. It has become clear in both principle and practice, from a range of theoretical and applied work over the last decade, that the discipline of economics has a useful contribution to make, along with other disciplines and perspectives, to understanding all kinds of social and political activities including artistic ones. (Throsby and Withers, 1979, pp.1-2)

The motivational argument is based on the idea that the two separate worlds of the arts and economics have become increasingly intertwined, and that there have been approximations on both sides. The arts had to realize that considerations regarding money and typically economic issues had to be factored in their daily decisions; and economic science had turned its attention towards a greater spectrum of problems, including those that affect the arts. The shortcomings of unilateral, single-minded approaches are acknowledged by the authors and this sets the tone for a well-grounded and encompassing study.

Throsby and Withers aim at providing information that is useful and readable both by professional economists and others interested in the economic aspects of the performing arts, which is why they have descriptive and analytical sections for all chapters. The authors also intend to present a study that is not solely about one country; the purpose is to analyze data from a range of countries that represent western culture.

In general, Throsby and Withers study seems to draw from a decade of systematic study of the performing arts in economic terms and structure it, using all the characteristic language and concepts normally applied to an industry.

2.3.2 Methods, Assumptions and Sources of Information

David Throsby and Glen Withers (1979) treat the performing arts in the closest possible way to how they would treat any other industry. The authors change some features of a 'normal' economic industry study to make it fit to the characteristics of the performing arts, but they also warn the reader that "the analytical method must be treated simply as a taxonomic framework and not necessarily a causal model" (p.41). Econometric models tailored to the characteristics of the performing arts are used to calculate production functions, cost functions, revenue functions, etc.. The output of a performing arts firm is determined to be most accurately measured by the number of tickets actually sold or number of seats filled and the inputs of the performing arts firms are said to be the performing labor, artistic labor, creative labor technical staff and administrative staff (p.12).

Throsby and Withers report difficulties with data, as B&B did and also as many other author had and would do:

In each of these countries, unfortunately, the data for the performing arts are incomplete, so that the empirical coverage is not as thorough and systematic as might be desired. The problem is that rarely are the arts as a whole, let alone just the performing arts, covered by the official statistics in a comprehensive manner. Most data have to be obtained from special studies and surveys and from the records of arts organizations (Throsby and Withers, 1979, p.4)

In regard to the sources of information used, in their conclusion, the authors refer to three reports – one from the Rockefeller Brothers Foundation, Baumol and Bowen's from the Twentieth Century Fund and the one from National Foundation for the Arts and the Humanities.

2.3.3 Descriptions and conclusions

Throsby and Withers elaborate on the definition of performing arts to be used: as economists, the approach adopted is to explore the issue in terms of supply and demand. Regarding the supply side, Throsby and Withers focus on "liveness, joint audience-performer presence, and concern for the skilled presentation of created works of art, with the performed labour contribution being the essential feature of the final product as experienced by the consumer audience" (Throsby and Withers, 1979, p.4). When people go to a performance, they are presented with the work of the performer and that is what they admire and enjoy. The outcome presented has to be performed live, in presence of an audience, in a skillful way. Artists present

performances that were created using high degree of expertise and ingenuity; banal exercises in drama, dance or music are not valued as works of art.

On the demand side, Throsby and Withers recognize that it is hard to determine what would constitute a substitute for the performing arts, considering that what matters is how the consumer spends his money and time. It is, however, possible to have an idea about why the consumer goes to a performance in the first place. Liveness is again emphasized: the skill and effort of the performers, aesthetic quality and interaction both between audience and performers, and among the people in the audience, also before and after the show. The authors want to convey with this definition that it is the mix of all this factors that makes the performance happen as the product of people's work and the object of desire of other people. It is the conjunction of a certain group of people with certain tastes and capacities of aesthetic judgment with another group of people that perform specific types of skilled work that, in the end, form the definition of performing arts. The authors also use this difficulty in defining performing arts to say that it means that the analysis for this area in particular might be applied to other areas as well, provided that they fit this very general standard they set.

A bit like Baumol and Bowen did in their chapter "The Organizations", Throsby and Withers start with "The Economic Structure of the Firms", in which they describe the way of functioning of the firms that produce performing arts, but the latter authors construct a formal economic model of a performing arts enterprise. This model that the authors develop in the study of diverse types of possible subsidies serves the main purpose of providing scientific grounds for political decisions: "These sorts of considerations may persuade a subsidizing authority of the merits of one form of subsidy over another, although administrative convenience and efficiency is in practice quite likely to be of overriding concern" (p.25). Throsby and Withers also study the audience in their chapter "The Nature of Consumer Demand for the Performing Arts". The main conclusions are that relative prices matter, especially the ones relative to the media industries, that income also counts—with a discussion on issues such as the Linder formulation—and that there are different products within the performing arts, which differentiates the audiences also. The formal model for the audience reveals that "because consumption requires time as well as money (commodities), the substitution effect of increasing wages is to direct consumption away from the more time-intensive activity" (p.36). This relates to the discussion mentioned in the previous section with Bradford and Keren's comments on Baumol's second proposition.

Throsby and Withers describe the performing arts market structure as having three static characteristics: product differentiation, barriers to entry and a degree of seller concentration, and two dynamic characteristics (growth in demand and technological change). The authors question "the validity of the Baumol-Bowen technology assumptions as the major remaining a priori consideration in evaluating their argument. The issue here is whether we should really expect only limited productivity increase in the performing arts" (p.45). Once again, the arguments for the possibility of productivity to increase in the performing arts, contrary to Baumol's proposal, emphasize the role of new technologies and the emergence of new forms of performing arts that require less labor. Throsby and Withers, however, are aware that this might not be a solution because, on the one hand, it remains a fact that labor is in itself the end product of the performing arts and, on the other hand, the "media potential does not alter the productivity of live performer to live audience..."(p.45). On the Baumol-Bowen thesis, Throsby and Withers say:

[The conclusion that 'there are fundamental reasons to expect the financial strains which beset the performing arts organizations to increase, chronically, with the passage of time'] has been the prevailing proposition in economic analysis of the performing arts ever since it was developed by Baumol and Bowen. (...) But the Baumol-Bowen model contains no real analysis of the demand or revenue aspects of live performance and, indeed, there is a direct failure in the argument to recognize certain demand implications of the model's own structural assumptions. (p.51)

They are referring to the fact that increased salaries not only press the performing arts in their costs, but also allow people to have more money to spend on the performing arts. This should be important, and it is neglected in the Baumol-Bowen formulation, because income has been considered a relevant factor in the audience structure, thus if more people have more money, then more people should be able to attend performances. But this phenomenon is not simple because, according to Linder (1970), the increase in money does not necessarily imply an increase in availability or willingness to actually attend performances or any other leisure activity.

After drawing a profile of the patron of the arts and concluding that it is likely that the state keeps on being the supporter par excellence, Throsby and Withers go through some empirical data about the firms, the audience, the industry and the assistance to the performing arts that is practiced. In Part III, they explore the issues connected with public support for the arts; issues that were already mentioned in

Baumol and Bowen (1966), and that Throsby and Withers revive. The authors present market efficiency considerations and equity and merit good considerations as arguments for public assistance to the performing arts. They base their analysis on the assumption that government should intervene in areas where the market fails to allocate resources in an efficient way and show that the market does fail in the case of the performing arts. In the case of merit goods, the authors state that, in a positive description, this has been the "the most significant single explanation of government involvement in the arts..." (p.192) and that, in normative terms, "the view that 'Art is Good' is a value-judgment which cannot of itself be objectively tested. Hence arguments for public support for the performing arts based on this view rest on matters of belief rather than of fact, and would become a ground for unequivocal government intervention if it could be shown that the belief enjoyed universal approval" (p.195).

Finally, Throsby and Withers develop the issues of the amount of support that is given and how it is distributed, mainly with data from Australia, the United Kingdom and the United States of America. In their conclusion, the authors refer to three reports on the performing arts in order to explore seven issues:

the continuation of financial crisis and responsibility for patronage; the objectives of arts policy and the administrative structures for achieving them; the reconciliation of conflicting goals in funding decisions; the role of 'national' companies; the role of local enterprise; the role of other media, particularly television and radio; and the role of education. (p.291)

As a summary of what these authors have said about the seven issues, they state that, despite some possibilities of improvement, the performing arts will still be pressed by costs, thus needing patronage. This is patent in all three reports they refer to. In regard to arts policy there are a number of arguments like promotion of national identity or the pursuit of excellence that come up as the justification for public support of the arts. Whatever the instruments the government uses, the most important point is that the objectives be fulfilled. The national companies represent the alternative to populism in the support of the performing arts in the sense that, by promoting professionalism and excellence, the state is also contributing to education and to the development of quality in the performing arts. The local companies, on the other hand, represent the 'democratization' of the performing arts: investing in local artistic initiatives is reaching a wider and more varied audience. The media, such as television, are mentioned in the reports in a not very enthusiastic way due to the vast

differences between the live arts and the media. Education serves as the main recognizable argument for public support, not only as a social value, but also as a means for the continuous sustained growth of arts consumers.

This ends the book by Throsby and Withers, which focuses a lot more on politics and on the role of economic studies of the performing arts for helping make political decisions than the one by Baumol and Bowen. Although there are several references to *Performing Arts – The Economic Dilemma*, *The Economics of the Performing Arts* is a completely independent study. Its form and the issues it approaches, however, express the same concerns as Baumol and Bowen in 1966 including their formulation of the cost disease.

2.4. Contributions from articles on the economics of the performing arts

The economics of the performing arts broke ground for the appearance of studies in other cultural and artistic domains, but it has been changing over the years. In a survey of over 35 articles ranging from the mid 1960's until 2011, it is visible that there has been a decrease in original themes or methods applied to the study of the performing arts. Innovative and building path-breaking research has not been a priority in the economics of the performing arts in the past few years; the focus has been on deepening earlier findings or checking the validity of earlier claims. The survey of literature emphasizes the later years; the intention is to build an accurate and essentially up-to-date picture of the economics of the performing arts.

2.4.1 Motivation and Objectives

The problem setting in economic papers on the performing arts is, in general, quite technical. Economists do not motivate their research by appealing to a gap in knowledge that is somehow related to the adequate functioning of the field; they base their research interests on previous studies and findings. Rarely can we find actual questions serving as motivation, some of the few examples are Mark Blaug (1978): "What is the explanation for the persistently high levels of ballet and opera seat prices at Covent Garden?" (p.1); James Gapinski (1984): "Do the laws of production apply to the RSC? Do the laws of demand apply? Does the benefit from the subsidy outweigh its cost?" (p.459); or Victoria Ateca-Amestoy (2008) "Why is it that so few people attend theater performances?" (p.128). As for the rest of the body of articles on cultural economics it is not really a question that lies beneath the interest in investigating an issue; it is more of an exercise.

Among all the papers in this survey, Mark Blaug's (1978) motivation is worth noting for its originality and power:

What we are going to do is play a game: suppose such and such were altered, everything else being the same--what then would be the level of seat prices? By the time we have finished playing this game, we will have a pretty shrewd idea why ballet and opera seat prices at the Royal Opera House are what they are. This does not tell us what they should be but it does put every reader in a position to make up his own mind about seat prices.
(Blaug, 1978, p.1)

The first interesting feature of this formulation is the use of the metaphor of the game. A game may be seen as an exercise from which people can derive conclusions applicable to real life, although the game itself is just an artificially created situation restricted by imposed rules. The description of the game is a simple way of describing what is done in econometric studies: isolation of some chosen factors, application of the *ceteris paribus* clause and compute results from there. In this case, the game serves the purpose of shedding light on the variations of prices in relation to other factors affecting ballet and opera production. The upshot of the game will be gaining insight into why ballet and opera seat prices at the Royal Opera House are what they are. It is also clear the non-prescriptive position of the economist; the economist presents an objective analysis and then leaves people to make up their own minds.

The game Blaug refers to has been played over and over again by economists and applied to a number of situations that have intriguing characteristics for them. It seems that the motivation of cultural economists is to apply known pieces of theory to the performing arts and to increase the quality of their models in the context of economic research, rather than explaining relevant facts about, in the case under analysis, the functioning of the performing arts. We can see that in Globerman (1978): "Previous research has concentrated mainly on consumer price awareness for household necessities. Little comparable attention has been paid to consumer price information about income elastic goods, including services. This study represents a modest attempt to fill the knowledge 'gap' by considering consumer price awareness for five performing arts events" (p.27); or in François Abbé-Decarroux (1994) "...while some recognize the importance of quality, very few empirical studies on services sector have taken it into account explicitly. (...)The goal of this paper is to improve our understanding of the role of quality in consumer choice for services. For this purpose, we choose to study the demand for performing arts which provide a relevant case, particularly amenable to empirical treatment."

(p.99-100); Stefan Traub and Martin Missong (2005) "we develop a formal model in the style of Strotz' (1965) road congestion model, in which the performing arts are modeled as congestible public goods" (p.863).

Indeed, in cultural economics the performing arts are modeled in a multiplicity of ways according to the preferred theory of the economist and the antecedent research may refer to the performing arts or to distinct areas such as road congestion or any other service.

Issues concerning the cost disease and demand, and the integration of quality factors into its determination, have triggered many studies in the economics of the performing arts. William Baumol's and David Throsby's works in general have been the most quoted and their statements have been the basis for a great part of subsequent research in the field; overall, from a sample of 30 articles, 15 of them refer to Baumol⁴ and 13 to Throsby. Here are some examples: "The prevailing proposition in the economic analysis of the performing arts ever since the work of Baumol and Bowen has been the view that 'there are fundamental reasons to expect the financial strains which beset the performing arts to increase, chronically, with the passage of time'. (...) But whether pessimism is justified is not at all clear." (Withers, 1980, p.735); "The importance of the equity question related to public support for the performing arts has long been recognized by economists. Throsby and Withers, for instance (...) Addressing the same problem, Baumol and Bowen urge that the focus should be upon the needs of future generations." (Dobson and West, 1990, p.23); "Baumol and Bowen's (1966) "Performing Arts: The Economic Dilemma" was published when a framework where discussion on government intervention in cultural production and provision was engaged. (...) Efficiency gains are the proposed alternative developed in this paper, and a method that would allow us to monitor its evolution, which is pursued as our main goal." (Marko-Serrano, 2006, p.168) "In 1965, proposed a concept which today is called 'Baumol's cost disease' or 'Baumol's law' (...) Overall, a number of previous studies have suggested that the performing arts are subject to the cost-disease effect (Heilbrun 2003; Throsby 1994; DeBoer 1985; Gapinski 1984). However, the relevance of technical and scale efficiency gains as a counterpart to the resulting productivity decrease remains ambiguous." (Last and Wetzel, 2011, p.3) A few foundational works have established grounds for all subsequent research.

What stands out after reading the literature on the economics of the performing arts in terms of the stated motivation and objectives of the authors is that

⁴ I excluded from this count all the articles referred in the previous section that were dedicated exclusively to Baumol's work.

it is unbalanced, the economics of it is far more important than the actual clarification of important issues in the performing arts. This academic discipline is motivated precisely by the academic possibilities it may present. While one can see that Baumol and Bowen were trying to find how the performing arts as a sector of the economy worked and why it behaved in the market as it did, the purpose of most present-day economics of the performing arts is to apply econometrical methods and standard economic models to specific situations.

2.4.2 Methods, Assumptions and Sources of Information

Thomas Moore stated in 1966:

The findings depend also on the assumptions that estimated attendance and the price variable are, at least, unbiased indexes of theatregoing and ticket tariffs. Moreover, the outcome hangs on the truth of the premise that all relevant variables are included or that the excluded ones are uncorrelated with those in the model. Inasmuch as the price of tickets is only part of the cost of attending the theatre, we know that important factors are left out such as the outlay for transportation, travel time to the theatre, the expense of dinner in a restaurant, and the cost of babysitters, all of which should be taken into account but are ignored because of inadequate data. We assumed that this exclusion would have little effect. (Moore, 1966, p.86)

The above quote belongs to one of the first articles to apply econometrics to the performing arts and it reveals great awareness of the limitations of the approach. On the one hand, the author points out the problems associated with the choice of relevant factors to include and exclude in the constructed model; on the other, he also mentions difficulties regarding data.

The first limitation is visible in statements like the following:

It is admitted at once that a number of questions are begged by this specification, including the reliability of critical notices as an indicator of generally-agreed quality, the within-variable and across variable implications of the arbitrarily chosen scale, and the implied utility theory assumptions of this model. Hence, the empirical exercise is regarded as exploratory only, to see if any sensible results emerge as a basis for consideration of further refinements. (Throsby, 1990, p.73)

These determinants then are tested econometrically, where data permit. (...) Many other variables had to be omitted from this study, primarily for data reasons. (...) The results from this study are quite indicative, although all econometric results

using such small samples of data must be treated with caution" (O'Hagan and Neligan, 2005, p.48)

Our focus is on how qualitative changes in the individual theatres' output affect demand. (...) In the present article, we do not employ such subjective quality assessments. Rather, we focus on output characteristics that can be defined objectively. (...) Beauty, for example, is not a characteristic. If an art object such as a painting is considered to be beautiful by an individual, it is because of some objective characteristics such as shape or colour pattern. (Werck and Heyndels, 2007, pp.26-28)

The quotation taken from Throsby's work reflects self-assessment concerning the research presented. The author explicitly refers to the difficulty in knowing for sure whether a chosen indicator is fully adequate to account for a variable and whether the measurement determined for that indicator is the best possible. He also calls attention to the theoretical context in which the research is inserted, namely utility theory and, consequently, its assumptions: basically utility theory assumes that preferences are complete, reflexive and transitive, which is something to be taken into account when reading whatever results the article puts forth. O'Hagan and Neligan also warn the reader about the known limitations that arise given the small sample used in the study.

In regard to the quotation by Werck and Heyndels (2007), the authors are telling the reader that they will try to reach conclusions regarding how demand behaves facing qualitative changes in the output of theatres, without looking into the subjective features of qualitative appreciation. So all factors related to subjective appreciation will be left out of the model, which, again, is something that must be considered when interpreting any conclusions that might be presented, since theatre is an art form and subjective quality assessment is rather fundamental as a determinant of demand.

The complaint that focuses on the lack of available or reliable data has been pervasive in the economics of the performing arts across time. Economists need data that reflect the workings of the performing arts, but these data are not easily accessible. On the one hand, there are few data available for collection, and on the other, finding ways of measuring a number of important entities is difficult. Boulding (1977), Baumol and Baumol (1984), for instance, have explicitly complained about this problem in their major works:

Unfortunately, we cannot be perfectly confident that the responses received from each price category of seats constitute a random sample of those sitting in that area. We are faced with the problem of self-selection, that is, did those who answered differ in any meaningful way from those who did not? We can never be sure, but the fact that our data correspond so well to those collected by other means and by other people gives us confidence. (Boulding, 1977, p.80)

We must reemphasize at the outset the paucity of the available data. Statistics on the performing arts are plagued by enormous gaps; by unstandardized reporting; by changes in size and composition of virtually any sample, which undermine calculations of trends; and by ambiguities in definition that impede interpretation. One of the consequences is that it becomes necessary to switch from art form to art form in order to produce the semblance of a coherent story, turning to orchestras and regional theatres for data on costs, to the Broadway theatre when we require data on attendance and ticket pricing, and to the regional theatres for data on variations in government support by size of enterprise. It should also be emphasized that many of the figures that we offer were provided to us with cries of caveat emptor by those who compiled them. (Baumol and Bowen?, 1984, pp.173-174);

For certain kinds of research, data must be compiled by the researchers themselves, from primary sources. Especially for those that rely on interviews or surveys, they have to be (or at least should be) tailor made for the specific intended purposes. The issue of knowing whether the sample chosen is actually random is quite problematic for econometrics and affects the economics of the performing arts in a particularly serious way because of the lack of available data. If someone is studying the population of theatergoers in a certain area and draws the sample from people that have attended a number of particular performances in only one or two venues, then the sample is not at all random. There may be many theatergoers in that area who display certain attendance behaviors that would never have a chance of being selected for the sample. So, in fact, the sample is drawn from a controlled environment, not randomly from the relevant population.

Baumol and Baumol report several distinct data problems, namely in terms of: availability, pertinence, reliability, completeness, coverage, quantity, and comparative potential. The authors recognize that they are trying to build a coherent story and that what they have been able to achieve is only a semblance of it. The coherent story would require comparable, complete and available data, where the criteria for the definition of concepts would be stable. This is not the case, so a certain adaptation of the method itself is needed: the authors collect information

from wherever it exists and build a picture that is a mix of elements from the music sector, the theatre, dance, etc.. It is also noteworthy that Baumol and Baumol emphasize the trust relation that had to be established between them and the people that compiled data because of the difficulty in building them and the rarity of those documents.

In a conjunction of the mentioned problems regarding the choice of relevant factors and the availability of reliable data, we can find the following assertion in Fazioli and Filippini (1997): "Because data on artistic personnel prices are not available, we excluded it from the model" (p.79). The authors criterion for excluding artistic personnel prices from a study of "the cost structure of the Italian local public theatres in order to assess economies of scale and scope and the desirability of the reform of the subsidy system" (p.77) was the fact that they could not find data on it. Although this is understandable – if there are no data, it is impossible to build a model that includes this variable – it is also problematic: disregarding costs with the artistic personnel in a study of the cost structure of a theatre seems inadequate, even if the authors try to justify it by claiming that: "The influence of this variable is absorbed in the firm specific binary variables. Further, assuming that performers have a high degree of geographic mobility, these wages can be regarded as constant" (p.85).

The sources of information used in the studies in the economics of the performing arts are mainly of two kinds: general statistics and specifically elaborated surveys and questionnaires directed at the audiences. General statistics normally serve the purpose of studying macro problems or issues concerning big institutions, surveys and questionnaires are used for smaller case studies. For example, for the study of a festival in South Africa data were collected from 483 randomly chosen attenders at live theatre performances at the 2008 South African National Arts Festival (Willis and Snowball, 2009, p.167); for the study of the demand for public theatre in Germany "[t]he main data source for German public theatres is the annual Theatre Report (...) All public theatres (and orchestras) in Germany are obliged to provide their statistical data and as such, Theatre Report can be regarded as a reliable data source to conduct the following empirical analysis" (Zieba, 2009, p.88). The difficulty in (and cost of) collecting statistical data from primary sources prevents researchers from even attempting it, but if economists have problems with data from arts organizations, statisticians working for official statistics must have them too. They simply find homogenizing solutions that erase differences and normalize indicators.

The introduction of qualitative aspects and tastes into the econometric models was relevant for the application of economic theories to the performing arts. It became clear that, while for other goods and services these issues could be disregarded, for the performing arts they were decisive and mattered in terms of demand, ticket pricing, etc.:

Regardless of the theoretical underpinnings, it is clear that the endogenization of tastes in economic models is likely to be essential if any progress is to be made in explaining demand for the arts. Whether one calls it addiction or the cultivation of taste, the most relevant first step is to make taste for the arts dependent on past consumption, providing thereby a plausible explanation for the rightward shifting of the long-run demand curve. In turn, further elaboration of these ideas will enable a sharper definition of "cultural goods" and their relationship with other goods in the life-cycle consumption and investment patterns of individuals and households. (Throsby, 1994, p.3)

The importance of quality in the services sector, especially in the performing arts, cannot be denied. Quality plays a pivotal role in the consumer's perception and appreciation of the service. Still, while some recognize the importance of quality, very few empirical studies on services sector have taken it into account explicitly. This can be explained in part by the difficulty of formulating a functional definition of quality and incorporating the notion into theoretical and empirical analyses of consumer demand. (Abbé-Decarroux, 1994, p.99)

The theoretical underpinnings that Throsby mentions, and that Abbé-Decarroux also refers to, derive from the nature of the idea of quality associated with the complexity of referring to the production of an art form. The step further the authors took was precisely to go forward with introduction of these concepts into their models, recognizing the fundamental character they had for the understanding of the economics of the performing arts.

In terms of methods, economists have almost exclusively used econometrics to reach conclusions about the performing arts. Models vary in terms of the chosen variables, but the routine is very much the same in most cases: there is a short presentation of the question to be addressed, the indication of the sources of information, the presentation of the selected relevant factors, the presentation of the results of the regression, and finally some conclusions.

The process has become repetitive to the point that two articles both by Anne-Kathrin Last and Heike Wetzel, published by the *Journal of Cultural Economics*, in

2010 and 2011, share similar sentences or even paragraphs. We can find them related to the assumptions and methods used and to the conclusions reached. The data panel is the same and so is the methodology: "The panel data set employed consists of 174 German public theaters and covers the 1991/1992 season through the 2005/2006 season" (2010, p.91). "The initial data set is an unbalanced panel of 1954 theater-year observations from 174 German public theaters observed for the seasons 1991/1992–2005/2006" (2011, p.193); "In order to analyze the economic performance of German public theaters, we apply an input distance function approach. Compared to a cost function approach, the input distance function approach requires no preimposed behavioral assumption, such as cost-minimization..." (2010, p.93), "To specify the production technology of public theaters, we apply an input distance function approach. In contrast to other representations of technologies, such as cost or revenue functions, this approach requires no specific behavioral assumptions, such as cost-minimization or profit maximization" (2011, p.89). And here is an example of a paragraph regarding assumptions in both papers:

Hence, to account for the differences in size, we measure output using the variable number of supplied tickets (Y), calculated as the number of performances per season multiplied by the number of seats. According to Throsby (1994), this output variable measures produced output in contrast to sold output, which would reflect the actual number of visitors per season. The latter output concept refers to the cultural experience of visitors as the final product. However, as we do not consider demand in our analysis, produced output is chosen here. Total salary expenses and operating expenses (XC) per season are used as monetary measures for the quantities of labor and capital, with salary expenses divided into salary expenses for artistic staff ($XLart$) and salary expenses for administrative and technical staff ($XLad$) in order to provide a more detailed identification of possible sources of inefficiency. Operating expenses include, among other things, administration costs, leasing, fire service expenditures, depreciation, and theater maintenance costs. (Last and Wetzels, 2011, pp. 195-196)

Of course, the authors are in this passage establishing the grounds for the analysis, so it could be considered somehow acceptable that things would be repeated in the sense that they are applying the same scheme. In the conclusions, however, some repetition can also be found: "Overall, our results suggest that there is still space for improvement in the employment of resources in the German public theater sector"

(Last and Wetzel, 2010, pp. 108); "Overall, our results suggest that there is space for efficiency gains and productivity improvements in the German public theater sector..." (Last and Wetzel, 2011, pp. 199). The case of these two articles represents a flagrant example of the routine character of the approach in cultural economics, not only due to the repetitiveness of the whole scheme of analysis, but mainly because it was considered appropriate to publish both articles in subsequent years on the *Journal of Cultural Economics*.

The last 40 years of research in the economics of the performing arts has been marked by a stabilization of ways of conducting research that is conservative. Sources of information have been almost exclusively official statistical reports, methods have been almost exclusively related to simple econometrics, and the assumptions used have referred almost exclusively to previous research instead of referring to the field itself.

2.4.3 Descriptions and Conclusions

How has cultural economics been describing the performing arts and what conclusions have been reached regarding the functioning of the field? The issue of description is complicated because the performing arts – what it is, what it produces or what its mode of production is – has not been the main interest of cultural economists. The starting point of most research is not an investigation into the actual workings of the field, but a summation of assumptions for the model that will be used. In 1996, Alan Peacock calls attention to the problem of definition of the output of the performing arts and to the consequences of viewing it in alternative ways:

More controversial issues arise in defining the "productivity lag," e.g. which definition of output to use, and in methods of measurement. (...) Indeed, it is in examining what is meant by "output" that the clue lies as to whether the performing arts can devise strategies in order to avoid their disappearance and whether these strategies are, in some sense, "legitimate". (Peacock, 1996, p.219)

Legitimate here means that these strategies would, on the one hand, accomplish their goal of reducing costs, but, on the other, not undermine the quality of the performing arts and not adulterate the overall relevance of the work produced. If the output of the performing arts is artistic labor, the productivity lag may be overcome not by strictly taking people off the stage, but by finding different ways of producing

performing arts altogether. The trade-off between costs and quality is pressing in the performing arts: quality is what the audience and the peers perceive and enjoy, so whatever is done administratively must ensure the maintenance of a standard below which would mean a loss of reputation and position in the milieu.

Another approach to the definition of the product of the performing arts, in the case in point is: theatre is a composite of characteristics such as the language of the play, the period in which the play was written, the number of actors on stage, their identity and so on (Werck et al, 2008, p.2371). It is presented as one product, but what is perceived is this group of characteristics for each of which people show different preferences. The preferred performance for a person is that which combines those elements that are most favored by her. In the economics of the performing arts this definition has practical consequences for the construction of an econometric model. The choice of the bundle of characteristics to consider constrains and simultaneously focuses the research on the subjects that are most interesting for the researcher. This contrasts with the view that the output of the performing arts is multi-faceted. [how so?]

Virginia Lee Owen (1983) claims that "the output [of the performing arts] is multidimensional and can be characterized as both joint production and multi-product production" (p.59), i.e. that the performance is a composite of several outputs. This way of viewing the product allows the author to conclude that the quality of opera, which is the case she is analyzing, has been affected by technological changes, although the number of performances has not. The upshot of this finding is that it is enough to alter the conception of product of the performing arts used to reverse one of the major conclusions pointed out by Baumol and Bowen, namely that the performing arts have not enjoyed and cannot enjoy significant changes in technology in order to increase their productivity. In this case the product would not be perceived as a unity with a group of features, but as a mix of several different products that contribute to a final experience for the audience. This means that the product of the performing arts would be a planned and articulated conjunction of the final product of the sound design, the costume design, the light design, etc., each of these representing one artistic or creative activity that had resulted in a final output. Given this description of the product of the performing arts, it becomes obvious that all outputs have profited from the advancement of technology and have become more productive. Everything from the mechanization of the light bars to the computerized set design have become easier and now include a wider array of technical and artistic possibilities; even the writing of a play may be finalized faster.

Considerations on the definition of the product appear to be pressing in the economics of the performing arts. Depending on what is taken to be the output of this production process, different variables will be adequate to use in models and different conclusions will also be reached. Despite the relevance of these considerations not a lot of time has been expended on investigating it in economics.

On the supply side, the description of the product that is offered has been somehow taken for granted and the approaches vary only slightly in the choice of the indicators that would best serve their economic models. The number of tickets available is probably the most favored indicator for the measurement of the supply of performing arts; Throsby and Withers first explained why they chose it and then other economists followed their rationale.

The determinants of demand are one of the most studied issues in the economics of the performing arts. What leads people into a performing arts room to attend a performance is a complex subject, overdetermined by an endless number of factors and particular conjunctions of circumstances. Econometrics helps to isolate some of these factors and check the (statistical) significance of each. Of course, price is the main focus of demand studies: the research is centered on how demand reacts to changes in price. Moore (1966), Withers (1980) and Gapinsky (1986), for instance, conclude that the performing arts are price-inelastic, but Abbé-Decarroux (1992) claims that, facing two levels of price, inelasticity only occurs for the higher price level (p.105). Lévy-Garboua and Montmarquette (1996) state: "If we are right to interpret the above-mentioned variables as indicators of the subjective quality attributed to the theatre, and if our theoretical model is accurate, we can conclude from the significantly positive sign of the corresponding coefficients in the frequency columns *that demand for the theatre is price-elastic*" (p.40, emphasis in original); while Werck and Heyndels (2007) find that "[t]he demand for Flemish theatre appears to be price inelastic at the actual price levels" (p.36). So no consensus is actually reached regarding the price-elasticity of demand; the main conclusion is that in some cases it is elastic, but it is not in others. It depends on several factors affecting demand and those factors are explored in detail when economists build their models.

Researchers investigating the characteristics of demand for the performing arts select a number of potential factors affecting demand and test them econometrically. Recurrent tests are made to variables such as quality, income, education and socio-demographic aspects. Conclusions vary from study to study, but in regard to quality there seems to have become clear that it is indeed positively associated with attendance: "With respect to symphony quality, the results suggest that a positive and significant relationship between symphony attendance and quality

exists. This is consistent with Luksetich and Lange (1984) and Throsby (1990), and stronger than the mixed results of Luksetich and Lange" (Michael Toma and Holly Meads, 2007, p.419). In terms of income, Moore (1966) finds that an improvement in income will lead to a proportional growth in theatregoing (p.80) and Werck and Heyndels (2007) state that "[c]onsumer income clearly has a significant and positive effect on demand" (p.36). Borgonovi (2004), however, states that

[c]ontrary to previous studies showing a strong association between income and attendance in the performing arts, the results (...) show that the effect is statistically significant only for theatre performances. (...) The lack of an association between income and participation might be due to the fact that what is most likely to be highly associated with participation is wealth, not household income. However information on wealth is not present in the 2002 SPPA [statistical data source of the study] and income is the only measure of economic resources that can be used. (p.1884)

And Ateca-Amestoy (2008) finds that "[f]or those people who have a positive probability of attending a theater performance (...) [t]he effect of income is only statistically significant for the last quartile of the distribution" (p.144). This shows that depending on the type of indicator economists are using and on the data that is available to them results may be stronger or weaker or even contradictory.

The same phenomenon happens with other recurrently tested variables like age and gender:

Regarding age, we have reached a different result. Borgonovi [2004] concludes that theater is a particular art form that appeals to younger generations, a feature specific to this form of arts participation. However, we have found a different age profile. We find that age has a positive effect on both participation and frequency, and we find no evidence in support of the exceptional nature of this type of artistic activity. If instead of taking into account the count data nature of our dependent variable we take into account its ordinality, the results derived from an ordered logit model would match her previous result. We find evidence that supports the feminization hypothesis for the two types of behavior, which is contrary to the finding of Borgonovi, who concludes that females tend to be more likely than males to attend, but they do so as occasional visitors. (Ateca-Amestoy, 2008, p.144)

Or education; see for instance: "First, the level of education attained was not found to be a significant predictor of Atlanta theater attendance. This was surprising in

view of the fact that other audience studies have suggested that education is very important." (Dobson and West, 1990, p.29) Of course, this is normal because different studies focus on different realities and use distinct methods and samples. To point it out serves the simple purpose of making it more visible that the economics of the performing arts, like so many other disciplines, is based on case studies that draw conclusions that depend on the circumstances under which the research has been conducted. There is no single correct answer when it comes to the effects of several important variables on demand for the performing arts; there is rather a potential for the study of concrete situations, given a choice of relevant factors.

The economics of the performing arts is being developed at a time when a body of plural and heterogeneous research about the performing arts is thriving. The performing arts have been studied under a multitude of perspectives, some of which close to economics like sociology or management. In this context, economists seem to end up contributing to the knowledge of the performing arts field in ways that are hardly new or path-breaking. Apart from the formulation of the cost-disease, the additions and improvements that have been made to it, and the contribution of full-length books like Throsby and Withers (1979), the relevance of the final conclusions put forth by cultural economists is not outstanding.

Consider the following examples of conclusions of studies: "The significant value of the elasticity of cost with respect to the quality indicator, q , indicates that performances characterized by high quality, which are subject to high costs for artists and supporting activities, are harder to produce than those characterized by low quality" (Fazioli and Filippini, 1997, p.80); "Although seasonality does not appear strong at monthly frequencies, demand is highly seasonal within a week. The evening, weekend and Friday/Saturday night indicators are all significant..." (Corning and Levy, 2002, p.232); "We can conclude that decentralisation requires co-operation between the state and local authorities within which the state should attend to territorial cohesion." (Urrutiaguer, 2005, p.307) People working directly with the performing arts know that low quality productions are easier to produce, that people attend performances more frequently in the evenings and especially on weekends and that the fundamental point in decentralization is the coordination between central and local government. So, the construction of econometric models to reach such conclusions seems quite redundant for people working in the performing arts field. If this is not the target audience and it is restricted to fellow economists, then the conclusions would not be really important; the important thing would be the accuracy of the model regardless of whether economists were talking about the

performing arts or any other service. Ignoring the contributions of other disciplines may undermine the overall relevance of the economics of the performing arts.

The outcome of the research in the economics of the performing arts is marked by, on the one hand, notes of caution and, on the other, expectations for the future: "The results from this study are quite indicative, although all econometric results using such small samples of data must be treated with caution (O'Hagan and Neligan, 2005, p.48); "Before we try to explain this trend, we should be made aware of the drawbacks of the chosen technique, such as the size sample bias and a low tolerance to outliers. (Francisco Marko-Serrano, 2006, p.175); "There is still a lot of work to be done in an attempt to find better ways of estimating participation functions that may shed some light on the puzzling questions of the determinants of attendance and of non-participation" (Victoria Ateca-Amestoy, 2008, p.148). On the one hand, this is negative in the sense that it conveys uncertainty and incapacity to work through problems that have proven to be permanent and pervasive, like those that relate to data; on the other, it is positive because it shows there is a path to be followed and/or new avenues of research to explore that are promising and exciting.

2.5. Final notes

The study of the performing arts by economists, or at least the sparse references that they made to it until the 1960's, was first marked by an emphasis on the exceptional character of the performing arts. This exceptional character, however, was not strictly positive; several prejudices were associated with the arts and even more strongly with theatre and dance. Of all the performing arts, only music was considered beneficial, on occasion; theatre and dance were connected with vice and urban degradation, so they were hardly ever considered an actual good for society. Art in general was, and sometimes still is, regarded as a luxury, therefore being positioned at the bottom of the hierarchy of needs of people.

A gradual rise in interest in the arts started in the 1960s; that is when economists started elaborating on the underlying reasons why the arts had always been supported by external funds – be those private or public – and on the best way to provide the assistance that was owed to the field. Baumol and Bowen, in 1966, put on paper the culmination of this accumulated interest. The performing arts are considered from then on an economic activity with a certain technology of production that resulted in the economic performance of the sector. An explanation is finally provided for the observed fact that the performing arts only survived in the economy with the financial help of others. The study also stresses that the performing arts can be analyzed using the tools economics had been using for the appraisal of other

industries. This work had such an overwhelming impact that, even though there were many comments and well-grounded criticisms, the original formulation is still the one being passed on and being tested.

Mark Blaug stated that

The application of economics to the arts (...) teaches us almost as much about economics as about the arts. The tools and concepts which prove to be most fruitful are those which are acquired in any first-year course in economic principles (...). The economics of the arts may, therefore, constitute something of a testing ground for the practical relevance of fundamental economic concepts: apparently abstract, such concepts may nevertheless be shown to have direct relevance to practical problems in such a field as the arts. (Blaug, 1992 [1974]), pp.13-14)

Indeed, the economics that economists studying the performing arts have been using employs tools and concepts acquired in any first-year course in economic principles. Economics is and has been a discipline characterized by a highly dominant mainstream approach, but also by a vast spectrum of alternative theories and conceptualizations. The economics of the performing arts has not yet used the full potential of this heterogeneity; it has been strongly limited to the neoclassical approach at its simplest level. The use of basic econometrics is pervasive and almost no other perspective or method has been applied so far. The expectation of practical relevance revealed by Blaug in the above passage has not been fully realized. In the case of the hard core performing arts, and theatre in specific, economic studies conducted for the appraisal of the impact of events, for example, or in the context of calculations of their contribution to GDP are done by governmental bodies or by foundations and other stakeholders. There is an evident detachment between the pieces of research published in academic journals and the studies with practical and political consequences for the field. Boulding wished for a lively trade between cultural economics and the other students of society (Boulding, 1977, p.11), but it seems like cultural economists only paid attention to the fact that cultural economics "feeds from and is nourished by the body of analysis we call economics" (Towse, 2003, p.13).

If something is to be expected of a discipline is that it brings further insights into its subject-matter. The economics of the performing arts showed that the performing arts could be treated as an economic activity and that there are characteristics peculiar to its mode of production. All this, however, was

accomplished very early in the history of the performing arts; but did the discipline make any progress? How so? This will be the issue of next chapter.

3. The economics the performing arts, the ideal of unification and its constraints

There is an ideal that underlies most research in economics: the ideal of explanatory unification. This ideal guides the research in the direction of trying to subsume under the principles of economics the greatest possible amount of phenomena possible. The pursuit of the ideal of explanatory unification leads economists to search for an increasing number of fields into which they can enter and apply their framework. The invasion of other territories by economics is called economics imperialism and it can come in several different shapes.

The performing arts were an unlikely field to which economics dedicated time and attention. Economics subsumed the field into its analytical framework and dissected it using its tools. The conclusions reached in the context of economic research, the recommendations proposed and the predictions made by economists have fed an established corpus of literature, mainly disseminated by the *Journal of Cultural Economics*, but also present in other renowned academic publications. The economics of the performing arts as a disciplinary field continues the pursuit for the ideal of unification, searching for new questions that may be subject to its methods.

This attitude of economics towards the subjects of its study cannot be seen without a critical perspective. The fact that economics has attempted to perform unification in regard to the performing arts does not mean that it was successful, or at least not fully. There are constraints to unification that are worth pointing out and that economics must meet in order for any claim of success in unifying to be justified.

This chapter starts with an exposition of the theoretical framework that will be used in analyzing economics as a pursuer of unification and as imperialistic towards other territories; it then proceeds to explore how economics has attempted unification in relation to the performing arts, how it has made of the economics of the performing arts a case of economics imperialism and how the economics of the performing arts follows mainstream economics in also pursuing explanatory unification as a way of gaining knowledge of its field of study; finally, the constraints to unification are presented and a confrontation with the economics of the performing arts is made in order to reach conclusions regarding the success of unification in this case. I conclude with an assertion of the need for the development of an account of the ontology of the performing arts, so that we can assess the performance of

economics as a science that can provide theories that unify the performing arts with other goods and services in the economy.

3.1. Theoretical framework

3.1.1 Economics imperialism

Economists and philosophers of economics have been struggling with the definition of economics since long. The aims and scope of the discipline have been the subject of a vast debate and no final definition has been established so far. It probably never will because economics is a dynamic discipline focusing on an ever wider array of subjects and using different approaches according to a plurality of streams of thought that thrive within it.

The definitions most often referred to are those by Alfred Marshall: "Political Economy, or Economics, is a study of man's actions in the ordinary business of life; it inquires how he gets his income and how he uses it." (Marshall, 1920 [1890], Bk.I, Ch.I, prg.1); by Lionel Robbins: "Economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses" (Robbins, 1932, p.15); and by George Stigler: "Economics is the study of the operation of economic organizations, and economic organizations are social (and rarely individual) arrangements to deal with the production and distribution of economic goods and services" (Stigler, 1952, p.1). What is common to all these definitions is the association with the study of how people act and interact: they refer to man's action, human behavior, and social arrangements. Indeed, economists have searched for various aspects of human action to analyze under their principles, be those strictly related to the obtaining and using of income or the production and distribution of economic goods and services, or those more generally connected to human behavior as a relationship between ends and scarce means which have alternative uses. The rather indefinite, but simultaneously encompassing, nature of what may be considered to be the subject-matter of economics allowed for economists to break down barriers that separated them from other disciplines and from issues outside their usual themes.

The intrusion of economics in domains that were not previously seen as pertaining to economics – be that because they were altogether unexplored or because they were considered to be the subject of other disciplines – is usually called economics imperialism (or economic imperialism or expansionism). To simply designate economics in this case is to perform a metonymy: most of the time, this kind of imperialism does not refer to all the economics there is, but to mainstream

economics, neoclassical economics as it is taught and practiced. And there is a subtlety in the designation adopted: while most authors use the term "economic" imperialism, Uskali Mäki (2002, 2008) proposes the usage of "economics" imperialism, emphasizing that it refers to the discipline of economic science and not to something connected to the expansion or invasion of an economy in relation to another economy. This clarification helps focusing on the scientific and theoretical nature of the intrusion of economics in other areas.

Phedon Nicolaides (1988) distinguishes two forms of expansionism in economics:

In the first, economic reasoning is applied to issues and problems which have hitherto been analysed using the tools of other social disciplines (e.g. smuggling). The second form of expansion examines issues previously regarded as non-economic but, in addition, it also seeks to incorporate these issues in a single model along with other issues. (Nicolaides, 1988, pp.318-319)

In the first case, economists analyze issues that other social scientists had already analyzed, but that may be considered within the natural scope of issues treatable by economics. Smuggling is provided as an example because it is something that is a perversion of the regular, legal economic activity of trading goods, but it is still very close to the actions of buying and selling, of acquiring income, of making a profit, and all those issues that one is traditionally inclined to see as economic. The second case refers to situations in which economists approach issues outside their recognizable circle of normal subjects. When economists start, for example, treating the dynamics of the family under the assumptions of rationality and self-interest, picturing man as making computations of costs and benefits for decisions regarding the composition and extension of their family, it seems odd. What makes it seem odd is not so much that economists have taken interest in studying the family, but that they chose to do it by modeling it under the same theories that frame the workings of an industry. The elements of families are not usually seen as making intimate decisions as economic agents, so what is associated with these decisions is normally considered to be outside the scope of economics.

On a more refined analysis, Uskali Mäki (2008) makes a distinction between economics expansionism, imperialism and non-imperialistic expansionism, where the latter two are special cases of the first. The author uses what Jack Hirshleifer (1985, p.53) calls a geopolitical metaphor in dealing with economics as an expansive imperialist discipline, calling the class of phenomena that researchers in this

discipline have conventionally or traditionally taken as their task to explain (Mäki, 2002, p.238 and 2008, p.10) its territory. Concretely, Mäki defines *economics expansionism* as "a matter of a persistent pursuit to increase the degree of unification provided by an economic theory by way of applying it to new types of phenomena" (p.9); *economics imperialism* as "a form of economics expansionism where the new types of explanandum phenomena are located in territories that are occupied by disciplines other than economics" (p.10); and *non-imperialistic economics expansionism* as a "form of economics expansionism where the new types of explanandum phenomena are located in unoccupied territories, that is, territories unoccupied by disciplines other than economics" (p.10). So the distinctive trait of imperialism is the occupation of territories that belonged to other disciplines, not the appropriation of phenomena that are considered non-economic.

Mäki deepens the concept of economics imperialism when the concept is redefined as a form of economics expansionism where the new types of explanandum phenomena are located in territories that are occupied by disciplines other than economics, and where economics presents itself hegemonically as being in possession of superior theories and methods, thereby excluding rival theories and approaches from consideration (Mäki, 2008, p.24). Here the author draws from the distinction previously proposed between the substitution and the supplement versions of economics imperialism where

[b]oth versions presuppose that there already exist (or potentially exist) one or more non-economic explanatory theories in relation to some domain of phenomena that the non-economic discipline has traditionally occupied. The substitution version is the radical project of endeavoring to substitute rational choice explanations for the prevailing (or would-be) non-rational-choice explanations, while the supplement version more moderately suggests supplementing them without replacement." (Mäki, 2002, p.238-9)

One example of a strong advocate of the superiority of economics is Reuven Brenner:

... there is only one approach in the social sciences at present which explains a wide range of human behavior, namely the economic approach. (...) Two characteristics of the social sciences today are necessary to explain the economists' imperialism: (a) the existence of a paradigm in economics and the lack of paradigms in the other fields of present-day social science, and (b) the fact that

the predictions made by the economic approach are more consistent with the facts than the predictions of other theories of social scientists. (Brenner, 1980, p.180)

Some features come into play in the definition economics expansionism in general: it always implies an extension of phenomena to be explained under an economic rationale. It may cross disciplinary borders: some subjects have already been studied by other disciplines or ask for an explanation within the scope of other disciplines; others have characteristics associated with economics but have so far been included in the research of other disciplines. It may include phenomena that were not previously studied and that are economic by nature, or phenomena that were not previously studied but are not economic by nature. The economic approach may aim at exerting its superiority over other competing explanations and replace them or simply contribute to the explanation together with other explanations. So, the variants of economics expansionism depend on whether the phenomenon is economic by nature or not, on whether it was previously studied or not, and on whether the economic explanation is supposed to surpass all other explanations or not.

Economics expansionism may be viewed as a particular case of the quest for the ideal of unification:

Most scientists and most philosophers of science believe that one respectable, if not the most respectable, species of scientific achievement amounts to expanding the domain of phenomena explained by a given theory, or, even better, by an increasingly parsimonious theory. Most economists seem to share this conviction. On closer inspection, economics imperialism appears to be an implementation of this widely accepted general view of scientific excellence. (Mäki, 2002, p.3)

3.1.2. The ideal of unification

The connection between economics expansionism and theoretical unification is the basis for the understanding of economics as a discipline that is constantly pursuing further subjects of study. It is visible in the definitions of economics expansionism and imperialism that the ultimate end of this movement is to subsume under the logic of rational action – the essence of neoclassical economics – an increasing number of types of phenomena. Loosely, this is what theoretical unification amounts to.

Scientific understanding, Michael Friedman (1974) claims, is increased by replacing one phenomenon with a more comprehensive phenomenon, and thereby effecting a reduction in the total number of accepted phenomena (p.19). If a

phenomenon can be included as an element of another, bigger phenomenon that joins several elements, only the bigger one becomes an actual subject of scientific inquiry. When an explanation for the big phenomenon is found, then all the little phenomena that were included in its scope are explained too. So when a phenomenon is possible to aggregate with a bigger one for which an explanation has already been found, it increases scientific understanding in the sense that the explanation is also good for this latter, smaller phenomenon. The more phenomena get aggregated, the more understanding we get given that the same explanation applies to all of them.

Philip Kitcher (1976) adds to the idea of unification stating that it is not a matter of counting the number of laws, but of their capacity to be used repeatedly, thus unifying apparently diverse phenomena. The unification is achieved by applying an argument pattern to different phenomena. The general argument pattern is composed by a schematic argument, filling instructions for each term of the schematic argument, and a classification for the schematic argument (Kitcher, 1981, p.516).

Science advances our understanding of nature by showing us how to derive descriptions of many phenomena, using the same patterns of derivation again and again, and, in demonstrating this, it teaches us how to reduce the number of types of facts we have to accept as ultimate (or brute). So the criterion of unification I shall try to articulate will be based on the idea that $E(K)$ is a set of derivations that makes the best tradeoff between minimizing the number of patterns of derivation employed and maximizing the number of conclusions generated. (Kitcher, 1989, p.432, emphasis in original)

The passage above contains the fundamental elements for considering that explanatory unification has been performed. Namely: a pattern of derivation with applicability to a number of phenomena, demonstrating that the number of brute facts that one has to accept is smaller than before the explanation. Furthermore, the final objective is simultaneously to reduce the number of patterns of derivation, i.e. of explanatory devices, and maximize the number of conclusions, i.e. the number of types of phenomena explained. So a decreasing number of theories explains an increasing number of facts. Assuming that there will always be facts to be understood about how the world works – facts that scientists are still unable to explain – reducing the number of these not (yet) understandable facts increases, under the ideal of explanatory unification, the overall knowledge about the world. The more facts a theory is able to explain, the more successful it is for it allowed

increased understanding of the world without increasing the number of theories required.

Derivational unification, according to the classification proposed by Uskali Mäki (2001, 2008), comes in line with Friedman and Kitcher's perspectives on explanation and unification. Derivational unification is about explanatory statements and their reduction to the minimum. It is called derivational because explanation is seen as the derivation of explananda from explanantia, i.e. one can infer the conclusions from a set of premises. Derivational unification has to do with the capacity of a theory to provide a certain derivational pattern that serves the purpose of allowing organization of phenomena. This does not imply or presuppose that these phenomena bear any ontological relation; it does not matter whether the way things work in the world are accurately portrayed. The unification thus performed provides the connections that are needed to make a certain sense of the phenomena under scrutiny.

Another form of unification is defined by Mäki as ontological and it pertains to the exposition of the ontology that is common to apparently independent phenomena. Unification in this case is not a matter of sentences, of pairs of premises and conclusions or derivative patterns, but a question of discovering that a set of phenomena, that seemed plural in their causes or origins, has, in fact, the same ontic foundation. The issue of discovery is crucial: ontological unification is not only a device to organize thought about phenomena, like in the case of derivational unification; it is the recognition of the real causes or constituents that a number of phenomena have in common and the invention of a theory that singles them out and represents their properties. Explanations are constructed in reference to the way things really are and how they come about, and they are redescrptions of phenomena as forms or manifestations of that reality.

In spite of the multiple criticisms the ideal of unification has received (for example, Barnes (1992), Humphreys (1989), Salmon (1984)), it is visible in economics; Uskali Mäki (2001) has provided numerous examples of it. There is a tendency to equalize uniformity within a discipline with maturity of that discipline; and maturity leads to the ability to spread through new territories. Nicolaides (1988) states that "[i]rrespective of the merits and degree of success of the new theories [expansionist theories] they are the result of the consolidation of neoclassical economics as a structured discipline of scientific enquiry. 'Consolidation' is the process of harmonising or unifying the diverse behavioural assumptions of different economic models" (Nicolaides, 1988, p.314). Even though this cannot be considered unifying phenomena, it reveals a tendency towards the aggregation of elements

within a theory. So the increasingly narrow and fixed derivational patterns that economics has been using do not imply a lack of explanatory potential, but the opposite: an increased degree of solidity and capability in explaining diverse phenomena.

Summing up, explanatory unification aims at explaining the most possible phenomena with the least possible scientific resources. Since economics pursues this objective, it spreads its interests beyond its traditional boundaries in search for new phenomena to be explained under the principles of rational choice. That movement is called economics expansionism. It is in this sense that economics expansionism or imperialism derives from the pursuit of the ideal of explanatory unification.

The economics of the performing arts is a form or manifestation of economics expansionism and it also pursues the ideal of explanatory unification. In the next section I will explore economics expansionism in the realm of the economics of the performing arts.

3.2. The performing arts: enters economics

The economics of the arts is perceived as a typical case of economics expansionism: "Neoclassical economics is expanding beyond its traditional boundaries. There are now economic theories of the family, politics, arts, philanthropy and many other social activities." (Nicolaidis, 1988, p.313) Traditionally, the performing arts were a subject outside the spectrum of interests of economists. As Throsby observes, "[s]everal reviewers of the progress of cultural economics over the years have observed that many writers, including themselves, have begun their books or papers with an apology for presuming that economics might have anything useful to say about art" (Throsby, 1994, p.26). The apology is justified by the observation that an apparently insurmountable gap separated the arts from economics and it seemed almost perverse to maculate the world of the arts with the intrusion of economic thinking.

Confidence in the research that was being created may have taken some time to be established but, especially from the 1960's onwards, this scenario has changed. Since then, a growing number of economists have dedicated their time and scientific efforts to the field of the performing arts, as we have seen in the previous chapter. It is visible that, up until the 1960's, even if economists would dedicate a few sentences to the arts, it would be without a background of systematic elaboration. Economic thought had not been structured around the arts, even though

it was, of course, recognized that the arts had some relation to the economy. If nothing else, the visual arts provided an obvious example of the commercial aspects of the artistic production by entering in market circuits and being valued and devalued with time. And the performing arts were known to collect ticket money, therefore restricting access to performances. What had not been explored earlier was the production process of artistic objects and experiences as an economic activity *per se*. The process had thus far been considered to be in the realm of the aesthetic, guided by inspiration and artistic genius, and analyzable under these standards only. The novelty of the second half of the twentieth century was the change in the point of view under which one could look at artistic production and consumption processes, and surrounding subjects.

Applying the notions of expansionism or imperialism to an actual field of study requires rendering concrete the so-called territory of economics and the territories of other disciplines. Is the economics of the performing arts a case of imperialism or of non-imperialistic expansionism? And, if it is a case of imperialism, is it the aim of economics to appear in its substitution version or in its supplement version?

Ronald Coase (1978) states: "I have long considered the definition of economics which Boulding attributed to Viner, and has since often been repeated, "Economics is what economists do," as essentially sound but only if it were accompanied, which it never is, by a description of the activities in which economists actually engage" (Coase, 1978. p.202). In the case of the economics of the performing arts, I have attempted to do exactly that in the previous chapter: to describe what economists have been doing. So, what economists have actually done regarding the performing arts is my basis for the analysis of the economics of the performing arts as a manifestation of economics expansionism and as a pursuer of the ideal of unification.

In order to provide an account of how economics has taken interest in the field of the performing arts and has, subsequently, developed theories about their functioning, I go back to the issues that determine the kind of expansionism economics may perform. I will check whether the phenomena economists are interested in are economic by nature or not, whether they were previously studied or not, and whether the economic explanation is supposed to surpass all other explanations or not. Then I show how the economics of the performing arts actually pursues the ideal of explanatory unification.

3.2.1 The expansionist move of economics towards the performing arts

Are the phenomena of the performing arts that interest economists economic by nature or not? It is hard to say what exactly may be seen as economic by nature, but here I take it to be those aspects of the activity of the organizations producing performing arts that are associated exclusively to their performance as economic agents. This means that the focus is on the traditional economic relations that are established by these organizations as a consequence of them being naturally inserted in society and in the economy, based on the characteristics that are common among the several definitions of economics identified above. Buying things, earning income, paying taxes are all inevitable economic actions that have to be done if one wants to survive in the present-day world and stay within the law. Performing arts organizations do those things too and economics studies how they do them. Examples of this might be the study of financial flows registered in their accounts or the study of how funds are allocated among a year's productions. This is a quite loose definition, but restricting it further would be inadequate; for the case in point, I will try to make it clearer.

The birth of the economics of the performing arts was triggered by an observation that can be seen as economic by nature: that the performing arts live in permanent crisis and are in constant financial disarray. In practice, Baumol and Bowen (1966) studied the accounts of the performing arts companies and tried to make sense of it, tried to find patterns in the numbers that could lead them to conclusions about the reasons why there was this pervasive financial crisis. The authors affirm: "The main focus of our research was the cost and revenue structure of the performing groups" (Baumol and Bowen, 1966, p.5). So, in this sense, the beginning of the economics of the performing arts was essentially non-imperialistic because economists simply explored the economic aspects of a field of activity that had not been analyzed so far. They did not break down disciplinary boundaries; they simply expanded the number of economic phenomena subsumed under the logic of rational action.

But that was not the only way in which economists approached the performing arts field. The framing of the performing arts as an economic activity resorted to ideas that thus far made no sense when applied to the production of performing arts. First of all, the work of the performer was presented as a service to be sold: "The performers' labors themselves constitute the end product which the audience purchases" (Baumol and Bowen, 1966, p.164). Consider the case of theatre: the work of the performer had always been conceived of as the ultimate artistic expression of theatre. The performance is what theatre is all about, it is the moment when the message comes through to the audience and the artistic intervention is realized via

the performer's acting. Researchers had focused on the performance and the performer, on the meanings of symbols displayed on scene, the dramatic techniques that were used, the evolution of performance across time, and the role of the performer in all this. So disciplines like aesthetics, drama theory, performance theory, semiotics, and art history among others had provided explanations of why theatre performances are what they are and had classified them into categories, thus helping to structure thought around theatre performances. The performer was seen as the artist that would be exposed to the audience, the conveyor of a message; his work had never before been narrowed down to a product to be sold.

In this line of thought, the relation between performance and audience started being conceptualized as a market exchange, which was also not how it was traditionally perceived. Alan Peacock points out that, contrary to the view of the economist, "[a]rtists can, if they wish, claim like Schonberg that 'audiences are merely a means for improving the acoustics in the concert hall'" (Peacock, 1997, p.4). So the perspective over the role that the audience plays in the production of performing arts may bear no relation at all to that of an exchange connected the logic of the market.

The metaphor of markets has been widely used in the economics of the performing arts, not only associated with the production directed at a market for performing arts, but also regarding the labor market, including the rationally acting worker that moves into whatever economic sector pays him better. Again, like in the case of the performer, the exchange between performer and audience had been viewed and analyzed under different perspectives pertaining to other social sciences: theories of theatre regarding the interaction with the audience draw from cultural studies, sociology, political studies, communication studies and others. Also choice in the context of what economists call the labor market had been viewed as consisting mainly of artistic choices regarding the career that workers in the performing arts wished to develop or were able to develop, given factors such as talent and networks; not really something determined by pay (even if this pay includes money as well as psychological reward) and replaceable for some other occupation.

The enjoyment of a performance is redefined in economics as added utility. For example, in a study of how the characteristics of the performance affect demand Willis and Snowball conclude: "The results reveal that, in terms of genre, productions of playwrights deemed 'classic' reduce utility compared to more modern productions by unknown playwrights" (Willis and Snowball, 2009, p.176). This means that people do not prefer classics as much as they prefer modern playwrights, which is

something that outside of economics would probably never be defined as anything connected with utility, but rather with aesthetic appreciation. Economics, however, has the ability to describe again what the audience takes out of the experience of attending the performance as measurable utility.

The latter cases show that economics entered the field of the performing arts not only by analyzing the economic aspects of an unexplored field, but also by bringing down disciplinary barriers and attempting explanations of subjects that were already being tackled by other kinds of research, like aesthetics. So it may be fair to say that economics has performed some non-imperialistic expansionism as well as some imperialism regarding the performing arts. But was this a pluralistic expansionism or was it the aim of economics to replace previous explanations of the same phenomena?

Cultural economics makes sense as a specialization and as an "invisible college" of people who learn more from each other because they are specialized. (...).

Specialization as all economists know is useless without trade. We look forward to a lively trade between cultural economics and the other students of society.

(Boulding, 1977, p.11)

It has become clear in both principle and practice, from a range of theoretical and applied work over the last decade, that the discipline of economics has a useful contribution to make, along with other disciplines and perspectives, to understanding all kinds of social and political activities including artistic ones"

(Throsby and Withers, 1979, p.2)

Kenneth Boulding, and David Throsby and Glenn Withers present here a version of economics imperialism that is clearly pluralistic. Their aim is to make a contribution, along with other disciplines and perspectives, in an environment where the exchange of information and insights is welcome. Economics is not supposed to provide theories that will surpass other explanations; it will provide further information in order to better understand artistic activities. Economics is presented as one of many perspectives, but one that may add value to the understanding of all social and political activities. Although both these accounts go back to the early days of cultural economics, later texts do not refute them. In fact, the concern about the positioning of economics towards other sciences has not been quite present in the more recent days of cultural economics, so there are few or no references to it.

The competition in the economics of the arts does not seem to occur so much with other disciplines as among approaches within economics. Bruce Seaman, for

example, claims that "the chances of the neoclassical approach being able to provide insight into arts managerial problems is far greater than that of the more "eclectic" institutionalist approach" (Seaman, 1981, p.37). So, it seems like the economics of the arts is comfortable with being pluralistic regarding the contributions that different disciplines may bring to the discussion, but the neoclassical, rational choice approach is not willing to allow other economic approaches into the research field. Even David Throsby (2001), though critical to some extent of the neoclassical approach, recognizes in it a unifying power that has found no match in any other school of thought:

This [the neoclassical] paradigm has provided a comprehensive and coherent framework for representing and analyzing the behavior of individuals, firms and markets, and it has yielded an array of testable hypothesis which have been subject to extensive empirical scrutiny. Moreover, the range of phenomena which it has embraced has been continually expanding; the model of rational utilitarian decision-making operating within competitive markets has in recent years been applied to an ever-widening array of areas of human behavior, including marriage, crime, religion, family dynamics, divorce, philanthropy, politics and law, as well as consumption and production of the arts. (Throsby, 2001, p.2)

In sum, the economic approach presents itself as a way of aggregating seemingly diverse phenomena and deeming them understandable by way of showing that they all follow the logic of rational action in a market, consequently allowing for a unification of those phenomena. The performing arts were taken over by economics in both a simple expansionist and imperialistic fashion. Economics behaves pluralistically in relation to other disciplines, but it is not tolerant relative to non-neoclassical approaches of economics.

3.2.2 The pursuit of the ideal of unification in the economics of the performing arts

The economics of the performing arts is a consequence of the expansionist tendency of economics. The expansionist accomplishment is the result of a successful process explanatory unification. Economists can only claim new territories if they can provide satisfactory explanations of phenomena under the theories they use. This section explores the way in which the economics of the performing arts exercises explanatory unification.

Mark Blaug (1992 [1974]) states that

[e]conomics is indeed more than a collection of techniques for investigating the working of an economic system. It is a way of looking at the world, being a special case of a much more general 'logic of rational action'. For that reason, economists experience little difficulty in appraising activities which appear, at first glance, to have nothing to do with economic ends (...) So it is, I believe, in the case of the arts. (Blaug, 1992 [1974], p.13)

The logic of rational action provides the economists with a special way of approaching reality that allows them to appraise a number of activities far beyond the limits of the traditional economic sphere. And in Blaug's view, it is more than a collection of techniques; "it is a way of looking at the world".

A way of looking at the world may be viewed, in the context of the distinction between ontological and derivational unification, as an ability to see things that are out there in the world that other people had not seen before, i.e. ontic similarities that are uncovered by economics. Wilfred Dolfsma states: "Blaug, Boulding, Galbraith, Scitovsky, and others [whom the author calls the founding fathers of cultural economics] have not so much been concerned with applying existing economic theory to the arts, but started at the other end by trying to understand certain features that are particularly outspoken in the arts" (Dolfsma, 1997, p.243). The early economics of the arts was not about proving the ability of applying existing economic theories to a new field. This new interest of economists was centered on the particularities of the arts that were apparently different from the other industries. The aim was for economics to show that underlying those apparent differences there were fundamental common points between the arts and other goods and services. These fundamental commonalities provided grounds for the explanation of certain phenomena that supposedly escaped the logic of mainstream economics.

When Baumol and Bowen state that they want to investigate whether there is something fundamental in the economic order which accounts for the financial difficulties of the performing arts (Baumol and Bowen, 1965, p.9) and that they will be treating the performing arts as any other industry, the authors demonstrate an ambition towards finding ontic connections between the performing arts and other economic activities. The economic order that cultural economists refer to is connected with their own conception of what is "order" in economics. Economic order, in this sense, happens when things function according to the principles of rationality. So, the issue Baumol and Bowen actually want to tackle is whether those principles are able to account for the seemingly disparate phenomena of the

performing arts. In fact, only if the performing arts are as any other industry, the logic of rational action applied to the analysis of the field will carry relevant consequences. The underlying assumption is that the performing arts are an economic activity subject to the rules of the economic order, as other goods and services. The point is not only that the field may be analyzable by economics, but that the performing arts are on a par with other products in the economy.

The redescription of the relation between the performer and audience as a market relationship may be another example of the search for an ontic similarity between the performing arts and other goods and services in the economy. It is the affirmation of an ontic connection with other market relationships that involve buyers and sellers trading goods and services and the performing arts. Claiming that the work of the performer is being sold and the audience is buying it shows how this phenomenon has the same origins as, for example, that of providing a flower delivery service. As the flower boy travels to the destination where the flowers are to be delivered because his work was bought by someone, the performer supposedly acts for the same reason. Economics attempted to reveal what lies beneath the relation between audience and performer, which is something that had been there all along, but people were simply not aware of that.

Although arguments that show the goal of ontological unification may be seen in the early writings on the economics of the performing arts, as exemplified above, it has become less and less important for economists to emphasize the ontic relation between the performing arts and other goods. The more recent research focuses essentially in the ability of econometric models to compute data collected from the field and produce statistically relevant results. The similarities between the performing arts as an economic sector and other sectors of the economy are the basis of the whole body of research in the economics of the performing arts, so it is already taken for granted that this is an activity that may be analyzed under the assumptions of mainstream economics. Economists have moved on from questioning whether this was the case or not. Currently, the main aim is to review, improve or refine the conclusions previous authors have published.

In the past three decades, economists essentially have done what Mark Blaug called a game: "What we are going to do is play a game: suppose such and such were altered, everything else being the same--what then would be the level of seat prices? By the time we have finished playing this game, we will have a pretty shrewd idea why ballet and opera seat prices at the Royal Opera House are what they are" (Blaug, 1978, p.1). The metaphor of the game makes a good fit with the idea of derivational unification. In derivational unification, one applies the same pattern of

derivation to a number of different phenomena, so the scientist has a scheme and then it just has to be filled in with the information pertaining to the phenomenon under study. The unifying capacity of the theory lies in its ability to be applied repeatedly to several phenomena and still carry explanatory power. When Blaug describes the economist's game, he is assuming that there is a derivational pattern that, by inputting certain determinant factors – of prices, in this case – will allow people to understand a phenomenon – why ballet and opera seat prices at the Royal Opera House are what they are.

David Throsby uses an anatomical metaphor to describe the relation between the theoretical construction of economics and its application to a certain field from which data may be collected:

Many economists over the past twenty years have put forward and analyzed market failure, merit, and distributional arguments for and against public support for the arts, such that by now there are few theoretical stones left unturned within the confines of the competitive model, and the focus of further enquiry in this area of the field must be primarily empirical. All of the effects noted above are in principle measurable, and it remains for well-designed research to put quantitative flesh on the theoretical bones." (Throsby, 1994, p.25)

In this account, the competitive model constitutes the theoretical bones, and data concerning the arts is the flesh. In the jargon of explanatory unification, the economic concepts mentioned in the passage above, namely, market failure, merit goods, or distributional issues, are part of the explanatory store of economics. They are part of the group of notions that economics resorts to in order to explain a myriad of phenomena. These concepts, according to Throsby, had been invoked as explanatory regarding the issue of public support for the arts, but the author calls for the development of an actual economic argument, i.e. of a complete economic explanatory scheme including not only the spelling out of the general argument pattern, but also the actual filling with empirical data.

Economists use econometrics as the ultimate derivational scheme and the filling instructions are part of what economists learn in school, so everything can and will be treated by an econometric model. A paradigmatic example is the case presented in the previous chapter regarding two extremely similar articles, published in 2010 and 2011, in the *Journal of Cultural Economics*. The authors of these articles – Anne-Kathrin Last and Heike Wetzel – use the same scheme of derivation in both papers and they input data into it, taken from the same source, concerning two

different, but close subjects. The titles of the papers give away their similarity: "The efficiency of German public theaters: a stochastic frontier analysis approach" (2010) and "Baumol's cost disease, efficiency, and productivity in the performing arts: an analysis of German public theaters" (2011). Since in the text it becomes obvious that the method used in the latter paper is, as in the first, a stochastic frontier analysis approach, both papers basically aim at reaching conclusions regarding the efficiency of German public theatres. As pointed out in the last chapter the conclusions reached are the same, namely that there is space for efficiency gains in this case. The main issue at stake here is that it has become not only acceptable, but also good enough for publication, to write two papers in which the only thing that changes is the data inserted in the model.

More generally, it becomes obvious when surveying the literature on the economics of the performing arts that the statistical/econometric scheme is being used to address all sorts of issues. Here are some examples:

"This article uses conjoint analysis, also called choice experiments, to investigate the impact of the attributes of live theatre performances on demand." (Willis and Snowball, 2009, p.167);

"In order to examine how qualitative output changes affect demand, we estimate a regression model explaining the annual attendance per theatre using a panel of 59 Flemish theatres." (Werck and Heyndels, 2007, p. 32);

"...we develop a formal model in the style of Strotz' (1965) road congestion model, in which the performing arts are modeled as congestible public goods (Traub and Missong, 2005, p.863);

"We develop a model of theatre demand with learning by consuming, and test some of its implications on a large random sample of theatregoers and non-theatregoers. This seems to be the most comprehensive econometric study of demand for the theatre from individual data" (Lévy-Garboua and Montmarquette, 1996, p.25).

These passages make visible how economists run data through the econometric machine for the explanation of distinct phenomena, and thereby produce more or less meaningful results, according to what the parameters tell them. Econometric studies of the performing arts struggle with the significance of their conclusions. Since the conclusions are always dependent on the assumptions and the specifications of the econometric models, the limitations are serious. The notes of caution in the interpretation of the results are abundant in the economics of the

performing arts, notably on account of data issues, as pointed out in the previous chapter.

A final question is whether cultural economics has made progress as a discipline. In his survey of the subject, Blaug (2001) offers two methodological criteria of progress: analytical and empirical progress. He concludes that cultural economics has made little analytical progress in the 35 years since the publication of 's seminal book (1966) but that it has made empirical progress. It is my belief that (...) it will make analytical progress. (Towse, 2001, p.13)

Economists have been aiming at increasing scientific understanding by way of isolating and describing underlying mechanisms, based on the premise that unification will provide that. Progress in the discipline could be evaluated according to its ability to unify, i.e. to increase the number of types of phenomena explained under a decreasing number of derivational patterns. The claim attributed to Mark Blaug in the previous passage seems to relate to the proven capacity of economists to use the tools of economics, particularly econometrics, to study and reach conclusions about an increasing number of phenomena in the arts. In fact, Blaug (2001) defines analytical progress as the elaboration and refinement of basic theoretical concepts, and empirical progress as more accurate estimates of fundamental empirical relationships (p.123). Furthermore, Blaug states that "there has been both analytical and empirical progress in cultural economics since 1966 but, more strikingly than either, there has been a steady enlargement of the subject, that is, the application of economics to an ever widening domain of artistic phenomena" (p.124). Claiming that cultural economics has simultaneously been successful in making empirical progress and in the enlargement of its subject is basically saying that cultural economics has been successfully performing derivational unification. So the progress that is attributed to cultural economics relates to its accomplishments in derivational unification.

On the contrary, the claim that cultural economics has not been able to progress in analytical terms may mean that the discipline has been incapable of ontological unification. The elaboration and refinement of basic theoretical concepts relates to the possibility that cultural economics could have of finding new formulations of these concepts that could be applicable to other areas. They would only be applicable to other areas if these fundamentals were based on ontic similarities between the arts and other fields. Otherwise a new concept or a reinterpretation of a concept that would strictly apply to the arts could not fit other

areas of activity. The idea that to achieve ontological unification one has to show that apparently disconnected phenomena are manifestations of some basic fundament underlies this argument. Cultural economics has not been able to offer that basic fundament that would unify different phenomena.

The fact that the economics of the performing arts pursues unification may have been established, but, according to Mäki (2008), unification has some constraints, namely ontological, pragmatic and epistemological constraints. Exploring these constraints for the case of the economics of the performing arts will help viewing the consequences of this pursuit for the sub-discipline's performance in terms of its reputation in academia and its connection to its own subject of study. This will be the theme of the following section.

3.3. Constraints and consequences of the pursuit of the ideal of unification

The economics of the performing arts has evolved from being a new field of economic inquiry, aiming at showing how the arts were similar to other goods and services in the economy, to being a recognized sub-discipline of economics developing empirical work and mainly aiming at being able to apply their pattern of derivation to an increasing number of phenomena. What remains to be clarified is whether the path carved by this sub-discipline has lead to an effective unification, granting the production of valuable conclusions both for economics and the performing arts.

The ontological constraint defined in Mäki (2008) has to do with the legitimacy of economics imperialism towards new fields. According to Mäki, if the imperialism at stake is ontologically grounded, then it means that factual discoveries about the real order of things (p.16) were made, so the issue of whether it had been previously studied or not by some other discipline is not really important. What really matters in this case is that a discovery about the world was made and more is known about how it works. If economics serves this purpose, then its imperialism is justified; if, on the contrary, economics only applies its pattern of derivation over and over again, then the imperialism is not justified because it does not increase our knowledge of the world; it becomes merely a series of academic exercises through which economists only learn about the properties of their theories. For a practical appraisal of a discipline, Mäki proposes two alternatives: one would be when a discipline has proven success in derivational unification, but it is not yet known if ontological unification is forthcoming; the other would be when there is no expectation that

ontological unification will be achieved, regardless of whether there has been success in derivational unification or not (p.16).

The economics of the performing arts has been able to succeed in derivational unification in the sense that it has been applying the theories and tools of economics to the performing arts for 50 years and it has been recognized within economics as a sub-discipline⁵. It has produced some important results, especially in the early years, and, although it has been long since a major work in the economics of the performing arts has appeared, recent research has at least influenced the way in which the arts are perceived by society at large. The question remains, however, as to whether the ontological unification the discipline seems to have aimed at in its beginning has been a fact or not, or is yet to be achieved, or if it is even possible. To construct an argument about the effective accomplishment of ontological unification, one would need first to have a grasp of the ontology of the performing arts, which is a step that will be taken in the next chapter.

Regarding the pragmatic constraint, the question is if a theory is better in comparison with some other theory, given that the comparative parameter is their consilience. Mäki establishes two distinct kinds of comparative consilience, namely:

Comparative Consilience: Subsumption

Theory T1 is more consilient than T2 if the set of kinds of facts explained by T2 is a proper subset of that of T1.

(...)

Comparative Consilience: Cardinality

Theory T1 is more consilient than T2 if the cardinality of the set of classes of facts explained by T1 is greater than that of T2. (Mäki, 2008, pp.18-19)

In the subsumption case, T1 explain all the facts T2 explains and some more; while in the cardinality case, T1 explains some of the facts T2 explains, but not all of them, and also some other facts. Mäki concludes that in the first case, there are no pragmatic constraints, but in the latter case it is necessary to appraise the *relevance* or *significance* of the facts explained in order to decide which theory is better. The importance of time and speed in the progress of a discipline, even if centered in less significant facts, is also pointed out by Mäki (p.20) as something to pay attention to when appraising the relevance of a theory.

⁵ It is, however, classified as Z1 by the *Journal of Economic Literature* and being at the bottom of the alphabet does not seem very favorable.

In the case of the economics of the performing arts, it is one of its recognized advantages that it was able to bring to the surface some economic problems that were not previously systematically studied. In a way, it seems clear that it was able to explain more facts than other theories devoted to the performing arts. It is not unequivocal, however, that the mainstream economics that is presently practiced is not subject to the pragmatic constraint. The extra facts that this stream of economics claims to explain may or may not be considered sufficiently relevant for the theory to be classified as better than other possible theories within or outside economics. Economics has explained why performing arts groups are afflicted with financial difficulties and that is more than any other theory had explained before in terms of the economic aspects of the activity. But apart from this seminal piece of theory, what has really been explained by the economics of the performing arts?

As mentioned in the previous chapter, the conclusions put forth by economists conducting essentially econometric studies are often not particularly relevant. It is important to notice that the perspective of the econometric study is one of confirmation or disconfirmation of expected results. The researchers may only be confronted with the fact that their expectations were not confirmed, but never with the appearance of a new explanatory factor, given that it is they who define that from the beginning. For example, when economists established that there was a positive correlation between income and attendance by means of an econometric model, it served to confirm what had been observed in practice, namely that mainly people who have the money to eat, dress, and satisfy their basic needs will dispose of the leftover money to go to the theatre. Of course, subtleties of the application of this conclusion to specific cases may be locally relevant.

But even in case studies, which constitute the gross of the research in the economics of the performing arts nowadays, the conclusions and recommendations economists make in their papers are revealing in terms of the increased knowledge of the field they may provide. Here is an example:

Using these estimates in a social choice analysis, we showed that the current situation in the German performing arts sector is best described by a directorship that under the influence of a selfish theater lobby maximizes the welfare of the spectators only.(...) This—rather negative—result for Germany's performing arts sector should not be overrated. The analysis hinges on a number of simplifying assumptions. Furthermore, we do not take into account any of the positive externalities that are usually put forward to justify public financing of the performing arts. (...) An obvious way to improve the economic performance of the sector is to

bring down the costs and to reduce the operating losses of the PAOs. (Traub and Missong, 2005, p.881)

The first sentence is rather strong and assertive, yet the reader is warned not to overrate it. While affirming that there is a selfish theatre lobby maximizing only the welfare of the spectator, the authors state that the analysis did not take into consideration externalities and used other simplifying assumptions. So, although there are serious reservations concerning the conclusion presented, it is the one the model produced and, consequently, the one that is regarded as valid. It makes one question what kind of advancement of knowledge such limited conclusions may provide.

Consider the following passage:

We believe that more resources need to be devoted to advertising or otherwise informing audiences in less developed cities since the first season in these cities shows significantly lower paid attendance. As a cultural policy measure, incentives for producing more theater criticism may be warranted in order to get the popular press to write regularly about plays, especially in less developed cities. (Akdede and King, 2006, p.230)

Here the authors recommend measures that are clearly connected with other fields of study: advertising and art criticism. The added-value of their economic take on the subjects is mainly the observation that there is a lower paid attendance for the first season in less developed cities and that popular press does not write as much about plays in less developed cities as in more developed ones. The question is whether an economic approach was required to get this information or whether these were known facts for the research community of advertising and art criticism. In this sense, it is not certain that either the economics of the performing arts explains more facts than other theories or the facts that it explains are relevant.

Finally, the *epistemological constraint* relates to the announced ability of unification to help understanding phenomena happening in the world. This constraint advises against assuming that what is known is absolutely true or fully correct. Mäki (2008) expresses two concerns: "the obvious untruth of many of the central assumptions in standard economic theory" and "the particularly pressing difficulties of confirmation and disconfirmation in economics more generally" (p.21). Theories being built in economics are naturally subject to some assumptions and their definition is of paramount importance for the conclusions reached. The construction of the model itself will condition the way in which results will be produced, so the

question is how far from the truth can the assumptions be and what measures that proximity. We cannot be sure about the strict way in which one can claim that an economic theory provides a rigorous explanation of a phenomenon. Mäki states: "The epistemological constraint I am proposing on economics imperialism advises against dogmatic commitment and recommends a strong sense of fallibility and openness to critical conversation across disciplinary boundaries" (Mäki, 2008, p.23).

The problem of the assumptions in the economics of the performing arts is particularly pressing, as mentioned in the previous chapter. There is a foundational assumption that relates to the ontological unification economists were aiming at, which is that the performing arts are an industry. Without this basis, not much would be possible for the economics of the performing arts. This assumption implies a number of other assumptions that are so essential in the economic process of problem setting that they were quickly taken for granted in subsequent research developed in the field. If an activity is defined as an industry, then its output is sold in the market, and it can and should be measured; a production function is possible to calculate, and an optimum level of production can be determined; the calculation of a demand function is appropriate and the determinants of that function are discernible and measurable; etc.. These apparently simple economic formulations do not come easily for the performing arts. Its characteristics somehow resist the rather inflexible structure of economic reasoning. Here is an example of a cultural economist struggling to find an appropriate measure of output, given problems of definition and data:

Measuring output is somewhat stickier. From an artistic point of view, the output of an orchestra is a particular performance of a particular work. Clearly, this is not a feasible measure for our purposes. First, the information does not exist. Second, even if it did, a ten-minute Rossini overture is not the equivalent of an hour-long Bruckner symphony. What orchestras do, however, is rent out seats to these performances. From an economic point of view, an ideal measure of output would be the total number of tickets for sale per season. Regrettably, this information is also not available. (...)

In the past, the number of attendances has been suggested as a measure of output, based on the argument that what orchestras produce is cultural experiences. Attendance is really a measure of demand rather than output. Besides, for the purpose of calculating productivity, using attendances would lead to circular reasoning.

If lagging productivity leads to higher relative prices which, in turn, reduce attendance, productivity is guaranteed to fall with given inputs. A similar argument can be made for not using expenses. (...)

The measure of output finally chosen was the total number of performances by full orchestra. This is not an unreasonable choice for orchestras since most performances are of similar length and require, on average, similar forces. (Felton, 1994, p.303)

Marianne Felton consciously shows the computation that occurred in her mind while deciding the best way to measure the output of an orchestra. It is extremely simple for her to say what the output of the performing arts is in artistic terms. In economic terms, however, the total number of tickets for sale per season won't serve the purpose, and neither will the number of attendances nor the expenses. The total number of performances by the full orchestra is the final option, but it seems like it is the result of a process of exclusion rather than what the author would choose in an ideal situation, where data was fully available. So a fundamental indicator that will serve to put forth conclusions concerning, for example, the productivity of an especially fragile and controversial activity is not as close to what the economist herself would consider adequate in the field as it should be. It is dependent on restrictions imposed by the necessity of being numerically characterized, by the limitations on the availability of data, and by the pre-determined formulae that will produce the results economists can work with.

There is only a certain amount of theoretical formulations available for economists to use, so they have to make the adjustment between their research interests, i.e. what they would like to study and ultimately explain, and the availability of tools in economic science that will make them achieve that. The difficulty of studying a field like the performing arts where data problems, in terms of availability and accuracy, are relevant is that the fit between the existing data on the field of study and the existing scientific resources becomes harder to accomplish. Choices have to be made in order to proceed with the research and some aspects of either the field of study or the theory will have to be sacrificed. This can be exemplified by the following passage:

...by virtue of the Cobb-Douglas formulation, factor proportions are taken to be variable to an extent specified by a unitary elasticity of substitution. It is true that a Hamlet is not quite the same without poor Yorick's skull, and that a Macbeth loses in a translation that omits the witches' cauldron. But, although a given play may require fixed proportions, a repertory entity does have the option of altering

proportions during a season by substituting among the plays to be staged.
(Gapinski, 1984, p.459)

The assumption that the factors of production of the performing arts are perfectly substitutable is a strong one, even if it is assumed that change in the programmatic choices can stand in as a proxy. It becomes apparent that to serve the demands of the chosen statistical function, the research posited two strong assumptions about the activity under study: factors are substitutable and seasonal programmatic choices are determined by financial considerations. The distance relative to the field of study increases with the addition of each assumption, because a further assumption works as the cover up of the previous one, moving deeper into the realm of the idealized rather than the actual.

The relevance of the recommendations put forth by economists is also at stake. Given that the economics of the performing arts has been based on the consecutive application of the same derivative patterns, the output of the models becomes repetitive and so do the possible recommendations thus derived. Consider the following recommendation taken from an economic study of the performing arts: "An obvious way to improve the economic performance of the sector is to bring down the costs and to reduce the operating losses of the PAOs." (Traub and Missong, 2005, p.881) This is a startling recommendation to be made in 2005. When Baumol and Bowen analyzed the cost and revenue structure of the performing arts in 1966, they expressed the idea that the factor causing the financial situation of the sector was precisely that costs were continuously rising and not enough income could be generated to cover them. So, indeed, an obvious way the economic performance of performing arts organizations could be improved is by reducing costs and operating losses.

The shortage of experimental possibilities in economics makes it harder to confirm the explanatory capabilities of a theory. In the economics of the performing arts the difficulties in confirmation are severe because the connection between researchers and the actual practice is slim. The body of research of the economics of the performing arts is based on data mainly collected from secondary sources, like statistical yearbooks and official national statistics. In terms of the conclusions, they are mainly results of econometric computation. The path from problem setting to conclusion is marked by a profound distance relative to the actual field, so the criteria for the appraisal of a theory in the economics of the performing arts has not been one of confirmation, i.e. economists do not validate a study because it properly depicts some aspect of the performing arts as an economic activity. It is rather an

appraisal of the technical accuracy of the model applied, regardless of whether it has some bearing on how the field functions or some consequence to the workings of the field. Hendon, Shanahan and McDonald (1980) write: "Our collective perception was that economists might treat cultural studies as a novelty, as Scitovsky describes, for their own intellectual stimulation. Economic applications are often no more realistic than esoteric exercises" (p.xiii).

The epistemological restrictions that Mäki (2008) refers to constitute a serious challenge to the economics of the performing arts. The question of whether economics is indeed contributing to the advancement of knowledge about the performing arts does not have an immediate answer. Problems concerning the assumptions and the possibility of confirmation affect the research conducted in the field and condition our ability to say unequivocally that some useful information about the performing arts can be derived from economic research.

The pursuit of the ideal of unification implies being subject to the constraints it carries along. The economics of the performing arts has markedly been invested in showing how patterns of derivation used in economics to study other fields were also applicable to the performing arts, but not always were the performing arts the perfect match. In those cases, economists tend to prefer maintaining their theories unaltered and adapt the information they have on the performing arts so that it fits their formulas. Changing the theory, adapting it to the idiosyncrasies of the performing arts, would mean that the objective of subsuming more phenomena under the known patterns of derivation was not achieved; therefore they would have failed to accomplish unification. So the main consequence of the pursuit of explanatory unification for the economics of the performing arts has been its movement away from its subject of study to maintain the integrity of its chosen theory.

3.4. Final notes

A number of questions are still pending: was economics really successful in performing ontological unification in the case of the performing arts? Are the facts explained within the economics of the performing arts relevant and what are the criteria for the appraisal of relevance? Did economic research allow for increased justified knowledge of the performing arts? All these questions require a definition of the ontology of the performing arts to be approached. Ontological unification can only be achieved if the ontology of the performing arts conforms to the ontology of other things explained under the same theory. We have not yet seen what exactly the performing arts are, how they come about and how they function in the world. Once we know what the performing arts are and what matters for its workings, we may be

able to check whether the conclusions economics puts forth regarding this field are relevant or not. I will center the analysis using an ontological criterion for the appraisal of a theory, meaning that it is only relevant if it meaningfully describes how the world works. Increased knowledge of the field of the performing arts is attained if economists were able to, through the unification of phenomena under their theories, accurately describe how the performing arts work. The following chapter will develop the issue of the ontology of the performing arts, focusing on the case of theatre.

4. The practitioner's account

The previous chapter presented an account of economics as an imperialistic discipline exercising its dominium over the field of the performing arts. It was established that only in case a discipline could prove that it had been able to perform ontological unification, one could claim that that discipline was justified in claiming success in unification. Derivational unification is not enough for actual increased understanding of a subject; it amounts to applying the same derivational pattern to different phenomena without actually discovering anything previously unknown about the world. The economics of the performing arts assumes some fundamental similarities between the performing arts and other goods and services in the economy. These similarities are such that the same theoretical constructions are applicable to the performing arts in the same way as to other activities. Concretely, an ambition towards ontological unification can be seen in three main redescriptions of the performing arts: the work of the performer redescribed as a product being sold; the relationship between performer and audience redescribed as a market relation, and the constraints presented to the performing arts production redescribed as or, in this case, reduced to financial or budgetary constraints.

Ronald Coase states:

Since the people who operate in the economic system are the same people who are found in the legal or political system, it is to be expected that their behaviour will be, in a broad sense, similar. But it by no means follows that an approach developed to explain behaviour in the economic system will be equally successful in the other social sciences. In these different fields, the purposes which men seek to achieve will not be the same, the degree of consistency in behaviour need not be the same and, in particular, the institutional framework within which the choices are made are quite different. It seems to me probable that an ability to discern and understand these purposes and the character of the institutional framework (how, for example, the political and legal systems actually operate) will require specialized knowledge not likely to be acquired by those who work in some other discipline. Furthermore, a theory appropriate for the analysis of these other social systems will presumably need to embody features which deal with the important specific interrelationships of that system. (Coase, 1978, p.208)

Everybody is inserted in the economy one way or another, but not all people, not all groups react to the economic system the same way and operate in it in the same

way. Coase refers to the political and legal systems, but we can extrapolate that to other areas like that of artistic production. Purposes, behavior and institutional framework concerning artistic production have their idiosyncrasies. Those special features that characterize the field must be known in order for anyone to be able to construct meaningful explanatory theories about it. The specific interrelationships of the system of production of performing arts need to be integrated in the theories used to explain phenomena related to it.

The main purpose of this chapter is precisely to go deep into the particular features of the field of the performing arts. The vastness of this subject has led me to focus on one sole discipline of the performing arts: theatre. It is important to reinforce this statement at this point because there are significant differences among the performing arts in terms of their way of functioning and also in terms of their self-narrative. An extensive sample of testimonies that show the perspective of the practitioners of theatre is presented. The focus of what is presented is precisely on the concepts that were redescribed by economics; we will see how the practitioners of theatre view and work with their product, their market and their constraints. Grounded on this basis, I will develop an account of the social ontology of theatre and highlight differences and similarities between the economic and the practitioners' descriptions.

This chapter starts with the analysis of the testimonies of the practitioners based on interviews I conducted personally and on books of interviews with several renowned practitioners of theatre. Then, a comparison between the three redescrptions economics does and the same notions as described by the practitioners is made. This will contribute to an appraisal of whether one can legitimately claim that economics has achieved ontological unification, at least in the case of theatre, or not.

4.1. The Practitioners' View

The exposition of the practitioners' view of the product of theatre is bound to be incomplete. This is a large heterogeneous group coming from all over the world, so it is impossible to account for all traditions and trends. Here, a sample of the descriptions of product, exchange and constraints is presented; a sample that is meaningful and representative, but still a sample. The themes of product, exchange and constraints were chosen because these were the areas in which economics was identified as having the aim of ontological unification. I derive information from two sources: interviews directly conducted by me and testimonies contained in books of

interviews and memoirs. The main criterion for the choice of these sources is that they are first-person accounts.

The practitioner is the one who practices, but this is especially connected with someone who has a job, the task of doing something, like for instance the practice of medicine. The "practitioner of theatre" could be interpreted in many ways according to the definition of theatre one holds, since it would be the one who does theatre. I chose to take as a practitioner of theatre and, therefore, as the target subject for my interviews, people who were connected to the conception of the performances and simultaneously to the organization of the whole process of making theatrical objects. The most relevant consequence of this choice is that it excludes people whose function is solely that of being an actor, i.e. that of performing something that was conceived by others. Nevertheless, actors can be and often are involved in the conception of performances, and they are almost always the ones who become directors, so this exclusion, in fact, sets aside only a small percentage of people who are related to theatre.

Of course, an interviewer is always an outsider. I asked my interviewees, however, to tell me how terms worked, how processes functioned internally. I attempted to have a first person expression of how interactions occurred in the field, a concrete account of the workings of the production of theatre, apart from my professional experience with the field. It is, nevertheless, worth noting that I have been working with people in the performing arts for the past 20 years, both as a practitioner myself and as staff of the Portuguese Ministry of Culture. In this latter role, I have interviewed and analyzed projects of hundreds of performing arts groups, and that experience has provided me with a clear image of how they function. I will not use my experience as the basis for my analysis, but it undoubtedly helped me understand what was being said to me by my interviewees.

4.1.1 Personally conducted interviews

My concern in this section is to account for a description of the workings of theatre put forth by its practitioners. When describing and generally talking about their activity, people not only provide visions of how it works, but they also raise issues that worry and occupy them in the course of their action as professionals. These are the problems they have to deal with in their daily lives and for which they have to constantly find solutions – many times new solutions, when old ones have been worn out.

I conducted six interviews with leading figures of theatre companies, i.e. people who have responsibilities at a global level in the production of the plays. My

main interest was not to make a statistical appraisal of what people in the field were saying. I focused on finding people from different origins that would increase the chances of providing contrasting accounts. The common grounds upon which these very different people were working were more valuable to my research than a reiterated confirmation of the same fundamental principles from people that were recognizably similar. My interviewees come from Portugal, United Kingdom, Belgium/The Netherlands and Hungary. The countries were chosen in an attempt to have people with a diversified historical background in terms of culture. Portugal follows a French trend and has developed cultural policies only since about 30 years ago, the United Kingdom has a different approach from the one of France (and consequently of Portugal) and many of the most important discussions about culture have begun there; Belgium and The Netherlands represent the common practice in continental Europe in terms of culture; and Hungary has, on the one hand, the communist influence and, on the other, a reaction to that same communist values behind their policies and practices. Three of the interviewees are from Portugal; I chose people in charge of three different types of structure: one was the Director of a National Theatre and presently an independent director; there is also the director of a medium size independent company; and an independent theatre director who was the Head of the Theatre Department of the Ministry of Culture for several years. Each was interviewed for about an hour and most of them gave lengthy answers. These answers were compiled and catalogued according to subject.

The quotations I use in the course of my text are the sentences that best express the ideas put forth by the interviewees. The full text of all the interviews is available in English in annex 1.

i. Product and production

The ground this section covers is the following: I first tried to understand what the product of theatre is, then explored the meaning of 'product' and 'production' for theatre practitioners, then moved on to investigate how the process of production of theatre unfolds and how it leads to the final result of the appearance of a theatrical performance.

The first question asked was: what do you do when you do theatre? When clarification was required by the interviewee, a further question was posed: what is the end product of theatre? To this question two commonplaces appeared in the answers: a performance is the end result and this performance is made to be shown to an audience. The idea that the performance itself is the end product is, to a certain extent, equated or mixed with the idea that the showing, the meeting with the

audience is the end result. The final objective is indeed, according to the testimonies, to have a show prepared such that it is presentable to other people. To say that the end result is a performance incorporates in it both that there has to be something to be shown and that it is actually performed because the performance is the demonstration of the work; a performance has essentially a relational character.

The performance as the product of theatre is a team's intellectual artifact that is shown to and shared with the audience: "The final result is that encounter, it is not only the showing because the showing might exist and the audience be completely indifferent" (Carlos Pimenta); "To put it in a very simple way, you work with people on something that you want to present to other people" (Erwin Jans); "[theatre] is an art form in which what is at stake is to communicate and to communicate actively (...) Theatre is one of the last places where people can meet people and it is a meeting point, a communication point..." (Miguel Seabra). There is, thus, the need for the interrelation to take place in order for the performance to actually happen; there is give and take on both parts.

The question referred to the end product of theatre and the usage of the word "product" is not indifferent for the theatre practitioners. They distinguish the notion of product in its more general sense, i.e. product as a result of a process or the visible (and maybe even partial) outcome of an ongoing process, from the economic or commercial idea of product as something that can be offered in a market and that satisfies a want or need. In this sense, the product is the complete bundle of benefits or satisfactions that buyers perceive they will obtain if they acquire the product, so the emphasis is put on the consumer and it is the consumer that is sovereign. This latter way of defining "product" clashes with the theatre practitioners' way of characterizing their own product. It attributes characteristics to products that are essentially mercantile and consumer oriented. The main reasons for the rejection of this definition of the word are connected with the commercial implications it has, namely, the fact that it evokes mass production, production with the sole purpose of selling, detachment from humanity and absence of a higher objective: "Product? No. [Why?] Because it has a commercial, clinical, non-humane feel to it. But I have heard it used." (Paul Crewes); "I hate the word. (...)It has to do with the mercantile component of the word." (Ricardo Pais). There is some inevitability, however, in the presence of the word among them: "Since we live from our theatre work, I have no choice [but to use the word]." (Arpad Schiling); they have to use the word, given the world they are living in, or they condescend on using the word with some qualification so that people in general understands them better. It has also been suggested that more than in the word itself, the problem lies in the people that use

it: "So, when certain programmers come to me talking about 'the product'... I immediately get a bit suspicious..." (Carlos Pimenta). The suspicion relates to the fact that if someone calls theatre a product that means they did not grasp the full dimension of the activity: "I think a performance is also a product, but, because there is this part of creation and what I called the communication that you don't know exactly how it will be, because of those two aspects a performance is always more than just a product. It's not just something you sell" (Erwin Jans). Practitioners relate to the word "product" essentially when it is used as product of imagination, product of reflection, or product of the effort of a team.

If there is a product – even if it is a product of reflection – there has to be a production process that leads to it. In theatre there is a distinction between the production and the creation, or the production side and the artistic side. There is also a difference between the production and a production. This latter distinction can be described as the usage of the same word to refer to both process and outcome. A production can be equalized to the collection of individual performances of a certain play. The production is what they are referring to when they distinguish it from the creation.

The distinction between production and creation is revealing when it comes to the meaning people working in theatre attach to the notion of production: it is separate from the artistic matters; it pertains to the practical component of the development of the project: "That is something you feel very strongly in theatre: on the one hand, there is the creative process, the artistic process, the process of imagination; on the other hand, you're immediately confronted with the practical, very pragmatic decisions, also financial decisions, long term decisions about public, about publicity, that have to be taken sometimes even before you start working on the creation" (Erwin Jans); "From my experience conducting a company for 12 years, there are two fundamental sides which are: the artistic side and the production side. (...) they have to be very balanced" (Miguel Seabra). Production in theatre can be seen as how people put together the resources that are needed for the artistic idea to be realized: "the production is normally the gathering of the technical, human, financial means for the realization of one show or of a program of shows and /or parallel and other activities related to theatre" (Ricardo Pais); "The production, for me, has to coordinate it all and fulfill the objectives of the project" (Carlos Pimenta). Carlos Pimenta is referring to "the production" as short for "the production team". Note that here is shown a practical usage of the word in which the meaning is constructed by means of substituting the actor for the activity: the production team is the actor of the activity of production.

An important point that deserves attention is that the production has its function defined in terms of the objectives it serves; the crux of the question is precisely what the objectives are. "The reason and the aim [of the production]: to show pure art in front of the audience" (Arpad Schiling); "there is something very important in terms of production, it has to provide enough financial and physical autonomy to allow for a good performance" (Miguel Seabra); "the production process is always leading towards performance" (Paul Crewes); "[i]n rigor, the great producer is someone who is not distinguished from the director, it is someone who accompanies the director and understands what he needs, and to understand what he needs he has to understand what he means" (Ricardo Pais). The main objective is, for theatre practitioners, the construction of a good performance, one of the best possible quality; the production is there to, on the one hand, serve this purpose, but on the other, limit it according to the financial and physical constraints.

The performance is the outcome of the interaction between production and creation; however, within the greater objective of producing a performance, the artistic and the production sides can often pursue distinct aims, when this is the case, confrontation happens. "I think that the actual performance is the result of the clash between the imagination at a certain moment and the practical restrictions of the production process" (Erwin Jans). So the production side introduces mundane restrictions in the somehow unlimited possibilities of the imaginary. What people can, at best, do is to take advantage of those restrictions, in order to enhance instead of refrain imagination and creativity.

We have seen that product and production have several different connotations and nuances that affect how and when these words are used. Independent of this fact, it seems important to understand how theatre is made, how the result of the work of the theatre practitioners comes about. When asked about what is indispensable in making theatre, all the interviewees mention the actors, the audience and a play or an idea to communicate: "The most important ingredients [to do theatre] are the playwright and the actor. The rest is complementary" (Arpad Schiling); "...an actor, a space and an audience" (Carlos Pimenta); "...you need actors to do something...you need the desire to present something that you need to communicate in that way" (Erwin Jans).

Interesting to notice that the actor, the idea and the audience can be achieved with no material means, however all of it works better if those means are available. These means complement the essentials: "What is really fundamental is the will. The love, the wanting... [of whom?] of the makers of theatre. (...) First there has to be an idea and a will that normally comes from one person, then you need to

congregate people around that will, then, in practical terms, there has to be a minimum of working conditions: a space to rehearse and some money to make the project viable" (Miguel Seabra). The complementarity that is referred to has to do with an idea that theatre exists or emerges out of a process at a certain point or in several different moments independent of the state of development of the production. The production comes with additions to the environment or the setting in which a performance will take place; the production brings in mainly form and not so much contents.

The contents seems to be what is most valued by theatre practitioners, so there must be a moment in which something comes together in a way that makes it recognizable as theatre. What is this moment? Responses to this ranged from never to almost always. Arpad Schiling says: "Every moment of my life is theatre and yet I could not claim of any of my productions that it is what I call theatre" whereas Paul Crewes says: "For me the process of it being theatre is from the minute you got the idea". Between these two extremes, the most common view is that perfection is not attainable and that there are points at which people really feel an upshot of the whole process happened, even if they cannot say that it is pure theatre: "There are creators that think you are never there, that you are always far away, the so-called unsatisfied. Of course, we are all unsatisfied, but I do not care about just saying at a certain point that the performance is ready, period. Then we need to be vigilant over the quality of what we are doing" (Ricardo Pais); "Theatre happens when you are able to establish an invisible line between your sense of sacred and that of the audience. This can happen at any given time because you can have a very good improvisation in which the qualitative leap is taken" (Miguel Seabra).

There are moments when theatre emerges in the process but they do not forcibly happen on the day of the performance; they might happen during rehearsals or when the set is conceived: "I think there are several ways in which [theatre] takes form. (...) For me, there are two moments: the first one is when I see the maquette of the set – that is one of the this-is-it-moments because the set is the materialization of what you think in theoretical terms, it is what the audience... it is an image that synthesizes what you think. (...) The other moment, interesting enough, is not the premiere or the final stage of rehearsal, it is the stage of technical perfection" (Carlos Pimenta); "I have the impression that it's a process and then the performance is only one moment in that process. (...) We take theatre as a process and not as the performance that is shown at the premiere" (Erwin Jans). What we see here is that, though the result, the product of a theatre company is a performance that is shown to an audience, this does not forcibly means that the result is actually theatre in its

deepest sense. The moment in which theatre as an art form is realized may have passed already or may be yet to come when a performance is staged and presented to other people.

ii. Exchange

People – the audience – are interested in watching the performance theatre practitioners have prepared. Theatre practitioners consider showing their work an important step in the process and derive some feedback from it. The price of a ticket is paid by each member of the audience in return for the right to be in the room while the performance takes place. The performance, however, would not take place if there was no audience. So there are exchanges of different types going on here. What is exchanged for what in theatre is the concern of this section; my focus is on what happens when the product that was described earlier is enjoyed by its public.

When questioned about the people for whom the theatre practitioners work, they replied: "I would like to believe: to the audience, but sometimes I feel for myself only" (Arpad Schiling); "I don't believe that it is only for the others. At least in the stage of life I am in, I am still unable to achieve that. So the "I" has to be very present" (Miguel Seabra); "I think I direct for nobody" (Carlos Pimenta); "...the confrontation with the audience is an essential moment in the whole process. It is ambiguous, on the one hand, it is something the whole process is aiming at, and on the other hand, it is maybe not the most important" (Erwin Jans). They made clear that it can never be a matter of giving the audience what they already know, so they cannot create and produce something that will meet an existing demand, they are thinking about the audience but not in order to supply whatever they ask for. They have to have the capacity to bring the audience to them, to absorb their ideas and to understand their message; they are not the ones to move towards the audience's expectations.

There is, without question, some interaction between stage (in a wide sense) and audience; on stage a performance is being presented for the enjoyment of a public, but this does not work as a unilateral flow, something flows back from the audience towards the stage. How important is the feedback gotten from the audience? "Suppose the public does not react well, does it mean that the performance has to be stopped or something? I don't think so. Does it mean that actors have to start doubting about everything they do? I don't think so. So it is something you have to take very seriously, but you have to keep a certain distance from the reaction of the public" (Erwin Jans). The encounter with the audience can be quite hard for the team because it means that there will finally be a feedback on

the work of months and in fact it might have an influence on the work to come: "I have a very difficult relationship with the audience, I've said this many times, the day the audience enters the room is the day of the violation. (...) I have the feeling that the audience somehow invades our privacy, because I consider the act of theatre, even if it is very spectacular, something very intimate" (Ricardo Pais). The ambivalence of the audience's presence lies mostly in this: the most profound objective of the theatre maker (in what his relation to the audience is concerned) is not exactly to please others but be able to draw others into his vision, so he has to let people in his work, but then he is subject to their random appreciation. Carlos Pimenta refers to this in a clear way: "Of course the audience is important... it is for the audience that people do the shows. But what really counts is the critical appreciation because among the audience there are probably few people that are properly informed, the rest has only a vague idea".

Theatre practitioners get from the audience "[f]inancial and moral recognition, thought-provoking critique and sometimes good ideas" as Arpad Schiling puts it. This raises the issue of the payment the public has to make in order to watch a performance; what does this payment stand for? "We would like them to pay for what I call this communication and not just for an evening of entertainment, for an evening out" (Erwin Jans); "[The audience pays] to be stimulated and entertained. Yes, that's what I think they're paying for: an experience they couldn't find anywhere else" (Paul Crewes); "If the theatre functions on a profit-basis, I would say they pay for the artistic product" (Arpad Schiling). These answers all relate more to the kind of theatre that requires a commercial viability to survive, not to the exclusively or almost exclusively state-funded theatres in which the payment of the ticket gains a different interpretation. Though integrated in a semi-commercial theatre (it is funded both by private and public money) Erwin Jans expresses some regret if people only come to his theatre to be entertained, since the aim is to share an experience with the public. The point is not to merely serve a customer as Arpad Schiling seems to imply for the case of a theatre that aims at a profit, but to allow for an "experience they couldn't find anywhere else".

The price of the ticket when seen not as the price for something you strictly buy from the theatre company might be taken to be a contribution: "[Do you see it as a contribution, as a way for them to show their participation?] Yes (...) It's not only these five performances in a year they pay for, they are paying for something that is bigger than these five things. The whole is more than the sum of the parts. That is what we would like them to pay for, though of course I don't know what they are paying for or how they see it themselves" (Erwin Jans). This idea of the price as a

contribution for something bigger than the performance itself is very much present also when it comes to heavily or totally subsidized theatres: "...they are empowering their taxes because they are adding to what the state invests in them, something of their own. They are share-holders of a kind of state investment in the cultural development..." (Ricardo Pais); "It was costly to get to where we are, it costs money, it costs ultimately to the state because you contribute to the artistic creation and to the maintenance of an area that has to do with leisure and occupation of free time, it has to do with filling intellectual and sensitive capacities..." (Miguel Seabra).

We have explored, to a certain extent, what theatre gets from the audience both conceptually and financially. Now, what do theatre makers try to give to the audience? "A moment to think about themselves" (Arpad Schiling); "I like people to recognize, first of all, the quality of the work. (...) I want to share that work that I think is interesting with people and I want people to have access to that work that we think interesting and that people find it interesting (Carlos Pimenta); "Stimulate and entertain " (Paul Crewes). So there is a sense of sharing and stimulation, of providing a special environment in which special things can occur: "If people came to see you, they have to leave with something more and we are put on stage to touch the audience in a way in which they can even say they hated but they cannot be indifferent" (Miguel Seabra). Note that what the audience actually gets from the experience is not put into question; it is up to the people that attend the performance to decide what to do with it and how to enjoy it. It is quite intangible and immeasurable what they try to give to the audience; it is almost impossible to determine whether the objective was attained or not.

iii. Constraints

Time and money appear often in the discourse of theatre practitioners as constraints to their creative work. It was referred earlier that the performance is the result of the interaction between the production side and the artistic side. The production team, in coordination with the artistic team, is responsible for the administration of the resources and for the institutional relations that determine schedules and deadlines to accord to.

Time in theatre is viewed as a resource that should be well managed, but this does not mean that there is only one formula for doing so. "If I think of the experimental work of art theatres these days, then it is the time spent till the premiere which is the creation itself" (Arpad Schiling). The amount of time available for the creation of a performance is seen as a restriction: "Time for me is a restriction that has to be negotiated between the team that makes the show – that

designs the project – and the team that produces it” (Carlos Pimenta); [Time] is something that is very important, of course, because there are deadlines... (...) That is part of the production and the production is the kind of father who imposes the time limits on the creative process, on the imagination of the makers” (Erwin Jans). Time is a part of the practical world, thus again something artists could very well dispense if they could; in fact, “time does not exist; it is an invention of the Swiss and the Japanese to make money” (Miguel Seabra).

The general feeling is that, on the one hand, some directors need more time than others and that, on the other, the optimum amount of time is sometimes not achieved, i.e. sometimes there is too much time and others too little: “we need a certain amount of time to do a project with a minimum quality. I cannot tell you if a month is enough or two, three, or four months. Four months to work is fantastic but then you postpone and work too slowly... so it depends on the profundity of the project and on the people you are working with, on how people are involved... (...) [So more time does not imply more quality and less time, less quality?] (...) There is no formula. Depending on the capacity and experience of the actors, you can make a performance in one month, but it didn't breathe and it is important to breathe” (Miguel Seabra). Only in this sense can time compromise the quality of the performance; it is not strictly that more time implies more quality or less time, less quality, it is the balance that works, it is the knowledge of the director on how much time he needs that makes it possible to plan the process. Rigor in the administration of time, be it a lot or a little is fundamental: “Time scale is essential and to set a plan to use the time as efficiently as possible” (Paul Crewes); “I think that all of us who work in structures like ours [a big theatre] should be agile, and have clear methods and calendars, it is convenient to consider time as a programming factor” (Ricardo Pais). The interviewees were never able to indicate what exact amount of time is required to make a good performance and the aim is never to make more plays in the least possible time, it is to make the best plays in whatever amount of time is available or is required.

Regarding money, there are two main sources of income for a theatre company: tickets and external funding, both private and public. The price of the ticket is determined in such a way that its actual relation with the product of theatre is not very visible: “We take the price policy of other theatres into consideration...” (Arpad Schiling); “[Is it an average of the prices practiced, or the normal standard in The Netherlands...?] Yes, it's the average” (Erwin Jans); “It is more or less standardized” (Ricardo Pais); “[If you could set your own price, how would you do it?] I would go for what is practiced in the market, I would see what price is charged in

other places and then set mine" (Carlos Pimenta); "Meridional practices ticket prices that we think are fair for the kind of project it is, within the theatrical milieu and considering the prices they practice" (Miguel Seabra). It is puzzling because if everyone looks at what is practiced elsewhere to determine their own price, then nobody actually establishes a price.

Variations in price do not seem to be determined or even influenced by variations in the quality or type of performance produced: "[The price] is not related to [the quality of the performance]. Art cannot be made to compete and also cannot be expressed in sums of money. No matter how much effort we make the artwork cannot be measured according to market prices" (Arpad Schiling); "No, it has nothing to do with the quality of production" (Carlos Pimenta); "The price is something that is decided long before the production is made, so you cannot think: oh, this is not so good, and then change the price. That can't happen" (Erwin Jans); "None. I think there has to be the maximum of quality independently of the price" (Ricardo Pais); "There is a relation to the scale of the production, not necessarily the quality, but the scale. So a very large piece of theatre, big piece of musical theatre or an opera always costs more than maybe drama. [Not the quality, though...] Not necessarily, no" (Paul Crewes). This discussion raises again the issue of the strict distinction between production and creation; the point is that the price has to do with the production and the quality has to do with the creation, so theatre people take price not reflecting quality as a natural thing.

Prices do vary, however. They vary from venue to venue and, even within the same company and space, one can find occasional variations. Given the way in which the interviewees said the price was determined, variations in price would seem almost impossible, unless this was a general increase for all theatres that follow a certain trend. How do variations happen, then? Variations are restricted to special occasions and alternative venues, and may be motivated by a sense of social justice. The interviewees have reported slight increases in price, and drastic decreases, sometimes even making the performance for free: "When we do these evenings, these discussion evenings, they are very cheap, or even sometimes free. [And in what conditions would you increase the price?] I don't think you can do that (Erwin Jans); "When costs are high or when a piece of work is absolutely clearly going to sell, you would maybe raise the ticket price slightly. But we still try to find a way to give access to people that cannot afford it as well, I think. [Can you reduce the price?] Yes, at previews or special opportunities for certain groups, you would definitely reduce the price, again to open up the access to the piece of theatre" (Paul

Crewes); "Never. They are increased cyclically; we have never had a performance that had a different price from the others" (Ricardo Pais).

All of my interviewees' structures or activities were funded by several sources, public and private. There are some responsibilities attached to the funding, but they are taken with moderate concern. The feeling that transpires is that, though it is somehow restrictive to depend on money that is given or transferred by others, it is something that they control and that they can live with: "The responsibility always exists when you are dealing with other people's money. [What is the nature of that responsibility?] It is often a constraint. It is a constraint that can be imaginative; it can stimulate imagination and lead to finding very interesting solutions" (Carlos Pimenta); "The obligation in terms of quantity – that we fortunately don't have difficulty in meeting and going over – creates a tension that can be harmful. I also have the perception that you cannot fail in terms of quantity and also in terms of quality" (Miguel Seabra); "[Do you feel restrained in your activity by the relation you have with the financiers?] Yes, in the sense that the money we get is money paid by the tax payer, so it's public money and there is a strong sense of responsibility. But not to give the public what the public wants, not with the idea that we have to please the public, but with the idea that we have to give them quality"(Erwin Jans); "I would like not to have to worry about funding. It's time and energy to always constantly ask for money. It may slow up the process or lose the opportunity. [But not in terms of the choices you make...] Sometimes I guess. Actually it may do, yes" (Paul Crewes). So there is a balance between the need to have funds to work and how much they allow financiers to ask from them. Ricardo Pais, for instance, mentioned that there had been a company offering him a quite large amount of money in exchange for a degree of interference in the programming and artistic creation that for him was unbearable. He refused the money – the kind of money that he does not have nowadays – and he kept his artistic independence.

In one way or the other, all the interviewees have given their own money to their organization: "All my life. All my life I've been subsidizing myself. I would never have gotten where I am, I would never have the memory of the performances I have, I would never have been able to create the image of my performances, if I hadn't the photographers that I would pay, the video machines I had before all people...[All this with no return of investment?] None" (Ricardo Pais); "A lot of times" (Miguel Seabra); "I do, I have done, yes" (Paul Crewes); "This is strictly private, but of course yes" (Arpad Schiling). They give their money to the organization via different means: some invest money for which they do not get return, others give many hours of work that are not paid for, others accept a lower salary so that there is more for the

production, etc.. One thing is certain: all of them are giving up possible income to be involved in the making of theatre: "The return is the pleasure of doing. But under the financial point of view, we didn't have a profit" (Miguel Seabra); "I am more rewarded (...) by the context in which I work, I find it very stimulating for me, the people I can work with, the things I can do, the work on a performance, the introduction I can give, the things I can write, that is rewarding. (...) I still find working in the theatre very rewarding intellectually, emotionally rewarding. [That is more important than the financial reward...] Yes, the financial: if you really start counting in hours, it doesn't cover the investment. But the other compensations are so strong..." (Erwin Jans).

The interviewees often refer to the pleasure they get from their jobs and to the emotional and personal reward they feel when accomplishing this kind of work. So this is already some kind of return to their personal and financial investment, however they are also paid for to do their job. What does this payment rewards them for? What is it that they do that has a financial compensation? "Time! ...It pays me for that time and eventually confirms my responsibility" (Carlos Pimenta); "I think it rewards for experience and expertise" (Paul Crewes); "It's authors rights, so it rewards me for my creative investment" (Ricardo Pais); "That I dreamt up, created Krétakör and have been leading it for ten years"(Arpad Schiling); "It pays for the elaboration of a project, the maintenance of the project, the management of the project and the management of a team. This is the objective point of view. In artistic terms, I have a project that has been able to meet its obligations, in terms of contract we are legal, and then you understand that if you have a certain kind of recognition the subsidy is more than justified" (Miguel Seabra). These people are paid for their intellectual capacity and for spending time using that capacity in making theatre; they are paid to do things that are established from the start, plus they are paid to develop unexpected things.

4.1.2 Interviews and memoirs

An important amount of information was derived from the interviews that I personally conducted, but I would like some further confirmation of the common ideas that emerged from my interviewees' account. In this section, I use memoirs and interviews conducted by others to gather more information on how theatre practitioners view, treat and deal with the production of theatre, the relationship with their audience and the constraints they face. Most of the interviewees are theatre directors and many of them are or were actors. These people are fundamentally leading figures in their organizations that guide the whole team towards an objective.

While in the interviews I conducted I asked specific questions that were useful for the purpose of investigating the concept of product of theatre, the testimonies that follow come from sources that were focusing on all sorts of subjects. This fact could provoke some suspicion on how much taken out of context the quotations I use would be, i.e. I was specifically looking for statements related to the subjects I am approaching and that could bias my reading of the testimonies. I have been aware of this danger from the outset and, consequently, I have tried to minimize it. I have read more than one hundred interviews and memoirs; then I collected quotations that were relevant for my study; and finally categorized them. While regarding the interviews I conducted I was simply looking for a diverse sample of people that would provide me with a feel of their way of thinking and acting upon the production of theatre, when I turned to the books of interviews and memoirs, I tried to grasp the commonplaces among theatre practitioners by way of reading a large amount of accounts. Since I was not controlling the questions asked, I had to search for relevant descriptions of product, relation with the audience and restrictions in answers to all the questions a practitioner would provide to an interviewer or all the stories an author would tell in a memoir. The choice of quotations was carefully made, the references are explicit and particular rigor was put in selecting the categories in which the quotations would be placed. The quotations used here are expressive examples of trends I identified.

i. Product and Production

I will start with the mere statement of a fact: in the interviews and memoirs I had access to, theatre practitioners do not use the word "product" to refer to the outcome of their work. One thing that my own interviewees spelled out explicitly was that the outcome of the process was a performance; this is taken for granted in the account provided by theatre practitioners in memoirs and other interviews; they do not have to be explicit about it because they are talking to people who are aware that this is the case. So, having this as a starting point, the discussion enters the more specific ground of what underlies the performance, what moves the directors, the actors and the producers, what ultimate objective drives the practitioners and what they do to achieve it. To say that the product of the process of making theatre is a performance is in fact not saying much; so, questioning what constitutes a performance, exploring what criteria is used to assess it, and trying to get a grasp of what it takes to make it will help us understanding what the product of theatre is a little better.

That a theatre performance is above all an artistic expression is well established in the theatre practitioners' descriptions of their activity. Theatre is a live art and this can be read under, at least, four perspectives: one is that it is done by living people in real time; the second, that it is made by people who put their lives into it; the third is that a performance shows life on stage; and the fourth, that the play itself has a development, that it goes through phases, as people do in life.

The first perspective is quite straightforward; though a performance can nowadays include a wide range of means that do not require the actual presence of people, there is always some action done in real time with real people: "theatre as a medium operates with three-dimensional human beings in recognizable situations with which audiences can identify and through which they can have a cathartic experience" (Marshall W. Mason in Bartow, 1988, p. 211).

The second meaning is put forth by Peter Brook, in his classification of the kinds of theatre, when he defines the Living Theatre: "they [in the Living Theatre] are in search of meaning in their lives, and in a sense even if there were no audiences, they would still have to perform, because the theatrical event is the climax and the center of their search" (Brook, 1988, p. 45). The Living Theatre is, for Brook, the one that is really worth doing. This kind of commitment is what Peter Sellars is also referring to when he says that theatre for him is a life choice and that he is not particularly into doing shows (Sellars in Delgado and Heritage, 1996, p.225-26), which implies that he is more committed to the process of making theatre than to the final achievement of something to show to the audience.

The third perspective emphasizes that good performances are those in which "[t]he audience [is] aware of the real presence of life now...By good performances I mean evenings in the theatre when something very special has passed between the audience and the actors. It's incredibly exciting, and uplifting, and inspiring to be part of a moment like that" (Declan Donnellan in Delgado and Heritage, 1996, p.92). Peter Brook also devotes great attention to the importance of the performance being alive and emitting a spark that makes people awake and interested, cf. Brook (1988).

The fourth perspective focuses on the process of making theatre and on its development; as Lev Dodin puts it: "when I say 'lived' [referring to theatre productions], I really mean that they lived, they were not like wax works, produced once and staying still over time. They developed, they really lived a life" (Lev Dodin in Delgado and Heritage, 1996, p. 71). There is a constructive instability in the process of production of theatre, including several phases in which things are reviewed and altered, in which some criticisms are incorporated and others dismissed. The four perspectives are not mutually exclusive, theatre practitioners

may endorse some or all of them concomitantly, and they all stress the aliveness and humanity of the performance.

The life of a theatre performance is involved in a sort of magical phenomenon that takes place in the moment of the performance: "[t]here is the tendency, to put it conventionally, of a production line, and then there's the theatre which creates works through one whole spirit. One is just a place where people work, and the other is the place where people search for spiritual values and where a theatre production is a sort of by-product, but spiritual life, spiritual exploration and spiritual research are the main things" (Lev Dodin in Delgado and Heritage, 1996, p. 71); "You've got to remember that you can't make good theatre. It's really important to know that you can't push and strain and shove and cry and bang your head against the wall and make good theatre; you can't work and sweat and scream. It happens by grace and some of it's very often a question of when to relax" (Declan Donnellan in Delgado and Heritage, 1996, p.91); "[Theatre] will always draw actors and spectator together to the play, and out of that Dionysian union in which they rise above the earth, it will produce the highest art that alone brings felicity" (Max Reinhardt in Cole and Chinoy, 1970, p. 296). The theatrical performance has also been called sacramental (Declan Donnellan), exploration of the spiritual life (Lev Dodin), center of energy (Lluís Pasqual), the highest of pleasures (Benoît Constant Coquelin), incantation (Harley Granville-Barker), part church (Peter Hall), place of celebration (Jorge Lavelli), in sum "[t]here is a thing between man and the universe that only theatre and music can bridge" (René Buch in Bartow, 1988, p.50). What this thing is is not clear, maybe it is supposed to be discovered by each person in the course of their own experience with theatre.

"If your emotions, mind and spirit, as well as your senses, are not fed in the theatre, if you are not nurtured by some great vision clearly important to your existence, what the hell is theatre for?" (John Hirsch in Bartow, 1988, p. 173-4). Theatre is a means to explore people's deepest thoughts and feelings – "[t]he supreme goal of the theatre is truth, not the outward, naturalistic truth of everyday, but the ultimate truth of the soul" (Max Reinhardt in Cole and Chinoy, 1970, p. 298); "I've always felt that the theatre has a function in society which goes beyond entertainment. It includes that, but should we settle for fun when we could be pushing the boundaries of man's psyche? The arts are perhaps the best media for expanding those boundaries. It's about finding a way to tell some truths. In the theatre I feel I can express something both to satisfy my own soul and to share it with fellow citizens. That demands being more creative, going deeper and taking more chances (Gordon Davidson in Bartow, 1988, p.86); in sum "[t]he central task of

theatre is to objectify, to clarify, to lay bare the wellsprings of human behavior so that we can actually see our own internal feelings instead of just have the sense of them in some inchoate form fluttering around inside us" (Zelda Fichandler in Bartow, 1988, p.117). The internal exploration theatre allows for is done through questioning what surrounds people as much as possible: "If I have a mission, it's to ask as many questions as possible and to get the people I care about to ask as many questions as they can. It seems to me, asking questions is that what creates movement and progression" (Des McAnuff in Bartow, 1988, p.230).

The double function of theatre as entertainment and enrichment of the mind and/or the soul relates to the metaphor, very often used, of theatre as an adult version of children's play; Lluís Pasqual literally says theatre is "a childish game for adults" (Delgado and Heritage, 1996, p. 218). Peter Brook identifies theatre with the fundamental activities of men, one of which is playing: "... what is the purpose of doing anything whatsoever on a stage in front of other people, why do it at all? (...) If you go back to the simplest level you see that playing something is almost as natural for all human beings as eating, breathing, making love. One of our basic activities is speaking, relating, playing out. So what in fact is one playing out? Children and grown-ups are always playing out human situations so that something about them can come out more clearly" (Peter Brook in Delgado and Heritage, 1996, p. 310). The purpose of playing is not only to have fun but also to learn and to understand the world better; this works for children, but also for theatre makers. The notion that there is always a double image – one belonging to the imagined world and another to the real world – in theatre is further explored by Brook, bearing some influences from Artaud: "Children don't forget that they are running about in a playground, and yet they have the double image that they're pirates on a ship, or gangsters on a street corner. It's evoked by a way of standing or shouting. And this double image is the force, the power, and the meaning of everything to do with theatre" (Peter Brook in Croyden, 2003, p.174). Theatre or the theatrical performance is, thus, one big metaphor and the enjoyment of a performance resides not only in understanding and relating to the reality underlying the metaphor, but also in considering the metaphor to be a good (pleasurable, interesting, stimulating) one.

Theatre comes about by means of the body of the actors, but theatre is not the body of the actors. The body and the life thereof is the material, the raw matter that is shaped by the creativity of the director and the actor and of all the creative staff that is involved in the construction of a certain piece: "[t]hus in the execution of a work of art the painter has his colors, his canvas, and his brushes; the sculptor has

his clay, his chisel, and his modeling tools; the poet has his words, rhythm, harmony, and rhyme. Every art has its different instruments; but the instrument of the actor is himself. §The matter of his art, that which he has to work upon and mold for the creation of his idea, is his own face, his own body, his own life" (Benoit Constant Coquelin in Cole and Chinoy, 1970, p.891); "[i]n the play, one sets out to discover a play in a most intimate relationship with a group of actors. And this long, difficult, and ever-changing communal work is aimed at reaching a revelation of the material in the play that can only be tapped through the work of the actors" (Peter Brook in Croyden, 2003, p.20). It is through the work of the actors that the objective is attained; note that the work of the actors itself is not the objective or the product of theatre, but the means by which it is revealed: "When we act, we must feel, not necessarily with our own personal feelings. Your voice, your movement, your whole body are only an instrument for this feeling. However perfect you make the instrument, it won't resound, unless you can feel" (Ellen Terry's Memoirs in Cole and Chinoy, 1970, p.362).

To make theatre is a process and the main concern of theatre practitioners is that the process is genuine, honest, and this will make the performance gain quality and achieve their goals: "[m]y thoughts are now much more about "Am I making it?" rather than "Is it going to be well received?" They are directed more to the work itself with a confidence that if the process is genuine it will reach out somehow" (Arvin Goodman in Bartow, 1988, p. 34). There is a moment in which what was done in the process of constructing a performance reaches a certain point of theatrical perfection, probably some point in which it becomes as good as possible:" ...after trying again and again, there comes a moment when something actually crystallizes. And when that shape crystallizes, you can't change it, even if you want to" (Peter Brook in Croyden, 2003, p.281). The claim that making theatre consists *of* repetition or *of* cycles of trial and error that tend to move the performance to a better shape is recurrent in these accounts: "[t]heatre is just a process, and you learn the same things over and over again, and you learn new things" (Gregory Mosher in Bartow, 1988, p.240). And these cycles do not forcibly end on the opening night: "[a] play goes through a gestation cycle. I always feels that a show, once it opens, should play for a week or so without the director around, and then, in the ideal world, it should go back into rehearsal again" (Gordon Davidson in Bartow, 1988, p.85); "[a]n instant performance is not really what theatre is about. Although theatre only happens at the time, the day, it takes place, the audience is only the fourth stage of the development of the play. It gets written, it gets rehearsed, nowadays there is the technical stage - costumes, props, lighting, sound - and then the next twenty-five

percent is the audience and then it changes again. Once it's in front of an audience, the audience tells you what's wrong, what's right, what's good and bad, and you act according" (Michael Bogdanov in Cook, 1989, p.86).

This vision of theatre as a process and as life, and the focus on the interaction with the audience is the cue to move on to exploring the exchanges that take place with the audience.

ii. Exchanges

The relationship that is established between the stage and the audience is something theatre practitioners devote thought and reflection to. The exchange that goes on during the performance, the communication that is established is the focus of the accounts of theatre presently under scrutiny: "the relationship between the actor and the audience is the only theatre reality. There is no theatre, there is nothing that one can examine, or discuss, or feel, or think, or argue about except at the moment when the actor and the audience are related. The question of what makes this a satisfactory relationship is the deepest and perhaps the only question in the theatre of our time" (Peter Brook in Croyden, 2003, p.27); "[o]ne of the problems about being a director is that one works like a dog to make a piece that is very deep and fundamentally honest and then you go to the theatre and wonder if the audience will understand what you meant. Audiences sometimes look shockingly normal, but I find that they are amazingly capable of accepting and even embracing what can be called difficult work if that work is given in a generous spirit, if it's a real soul communication" (Joanne Akalaitis in Bartow, 1988, p.18).

A theatre performance, under these accounts, is a meeting place where perspectives, ideas and discourses are offered, as Jorge Lavelli (Delgado and Heritage, 1996, p.119) puts it or, quoting Peter Hall, it is "one of the few opportunities in our society for a debate in live terms" (Peter Hall in Cook, 1989, p.16). In this sense, the theatrical experience is sharing rather than providing something, the spectator is viewed as a partner rather than a consumer: "I have great faith in audiences. We only create problems when we treat them as consumers instead of collaborators in the artistic process" (Gregory Mosher in Bartow, 1988, p.237).

There is, however, a certain ambiguity about this partnership: "[i]t is hard to understand the true function of the spectator, there and not there, ignored and yet needed. The actor's work is never for an audience, yet always is for one. The onlooker is a partner who must be forgotten and still constantly kept in mind: a gesture is a statement, expression, communication and a private manifestation of

loneliness - it is always what Artaud calls a signal through the flames - yet this implies a sharing of experience, once contact is made" (Brook, 1988, p.57); "[w]e carry out surveys to find out who our audience are, but never to ask them what they like, because if we did, we would have to admit that people like what they have already seen and what they know" (Jorge Lavelli in Delgado and Heritage, 1996, p.119). This confirms an idea that had been expressed earlier in the responses given by my interviewees, which is that the aim of the theatre maker is not to make more of the same thing s/he found the public enjoys, but to always attempt to surpass that and still be able to draw the attention and interest of the public: "Anytime you're ignoring the audience, it's my opinion that you're not only being pretentious but maybe slightly ignorant of what the theatre really is. On the other hand, if we are continually making an assumption that the audience has a dwindling ability to understand what we're about, then we're digging our own graves as well as theirs" (Garland Wright in Bartow, 1988, p.329).

On the one hand, the audience is not taken into consideration because the production of the performance and the performance itself is carried out for the first time without or with little input from the audience. A performance is premiered to the surprise of the spectators; they may have expectations, but they never know if they will be confirmed. On the other hand, the audience is taken into consideration because, during the construction of the performance, the creative team and the producers know they are doing something to be presented, and because, after the premiere, they start getting feedback from the audience: "These people are essential to the development of one's performance – they are the living canvas upon which one hopes to paint the finished portrait which one has envisaged. These fellow actors, these audiences, with their shifting variations of quality, are the only means by which an actor can gauge the effect of his acting. With their assistance he may hope to improve a performance, keep it flexible and fresh, and develop new subtleties as the days go by" (John Gielgud in Cole and Chinoy, 1970, p. 401).

The spectator contributes to the performance with his feedback, but it is not just a matter of sitting back and judging something; to be able to provide the feedback some effort is demanded of him: "[i]t's a situation that takes a lot of effort on the part of people who decide to be an audience. Going to a movie or punching a film up on the VCR takes very little effort and the work itself can be interrupted. You can go to the bathroom. You can get food. When you make the decision to walk into the theatre, you have committed part of the future of your life, two or three hours, to an unknown experience not under your control (Mark Lamos in Bartow, 1988, p.182). The audience pays to enter the space where a performance will take place and their

own commitment and participation to the performance is in great part what will make it worth the payment of their ticket: "[t]here are only a limited number of reasons why we go to the theatre in today's world: after all, it costs more than movies, it takes more energy to go, you have to pay more attention, the images are not seven times normal size and you have to enjoy words in order to get your money's worth. But the reason that persists is that the audience gets what it can't from any other form, which is the breath of the actor, the moment in which the thought or feeling is born (Zelda Fichandler in Bartow, 1988, p.115). So, though the amount paid for a ticket could be simply (or simplistically) seen as a transference from the audience to the theatre makers, so that they would perform and consequently entertain those who paid; we can also see it as the price paid to acquire the right to be part of something – not to be passive and receive something in return for the money, but to be allowed in a shared experience that will demand of the audience a lot more than some euros.

iii. Constraints

The prices charged for the tickets and the funding received from institutions condition the financial situation of theatre companies, consequently, conditioning the process of production of performances. Not a lot is said about money and financial conditions in the interviews and memoirs. Two general ideas are conveyed: one is that theatre practitioners are not well paid monetarily, but they are well rewarded in terms of self-satisfaction and recognition of the quality of their work: "I have been richly rewarded for my efforts in ways that nothing can diminish or disturb. These rewards are all inside me, in my heart; they are my laurel wreath. These are the rewards my audiences have bestowed on me when, by an imperceptible, indefinable thread, their heads and hearts were bound up with my own" (Ermete Zacconi in Cole and Chinoy, 1970, p.464).

The other idea is that money is not supposed to be the objective of the activity and that, if it is, it will destroy the essence of what theatre should be: "[t]he arts, especially the theatre, forsaken by the good spirits, can be the sorriest business, the poorest prostitution..." (Max Reinhardt in Cole and Chinoy, 1970, p. 298); "[a]lthough it may sound a little paradoxical, one may almost lay down the proposition that: In an actor, the profession is the enemy of the art" (André Antoine in Cole and Chinoy, 1970, p. 215). There is a kind of theatre that is said to be commercial and it survives (moderately) well in the market, but when we talk with directors of non-commercial theatre, i.e. theatre that does not aim at profit, the former kind of theatre is not well regarded: "[w]hen I speak about the new objective acting, I don't mean the cold routine of the standard theatre. I don't mean the

dreadful result of the commercial theatre which lowers the artist and makes him a poor automaton" (Erwin Piscator in Cole and Chinoy, 1970, p.305). Peter Brook stresses how theatre practitioners may be integrated in the daily activities of managing a company, but still maintaining their artistic objectives clear and fixed: "I'm delighted to play the game of the commercial theatre. I like going into the office and seeing what the figures are, and knowing what the advance is, but they're all fringe. They're totally unimportant but are a highly enjoyable set of games" (Peter Brook in Croyden, 2003, p. 81).

In terms of funding, the strongest idea that transpires from the interviews and memoirs is that it is very hard for theatre practitioners to wear the costume of the negotiator and go about asking for money, especially private one: "I don't believe in this mixed economy of the arts. Unfortunately, it was the only way of getting the project off the ground, but this type of funding leaves you vulnerable to the censorship of the sponsoring body and because such funding can disappear at the sponsor's whim, it is never possible to plan for the future (Michael Bogdanov in Cook, 1989, p.84).

Time and money are inextricably linked; to do things in less time saves more money than to do the same things in more time. The restriction time imposes upon the production of theatre has to do with this and it is repudiated by theatre practitioners. We again go back to the objectives of making theatre and to the subjugation of other factors to the artistic component. One should not miss the whole point of making theatre, of assuring the best possible quality of a performance, because there is not enough time to perfect it: "[i]n New York, for instance, the most deadly element is certainly economic. This does not mean that all work done there is bad, but a theatre where a play for economic reasons rehearses for no more than three weeks is crippled at the outset" (Brook, 1988, p. 20). Each theatre practitioner claims to have his/her own work rhythm, one that should be respected at the expense of ending up with no result at all. "Of course, time can also be used very badly; it is possible to sit around for months discussing and worrying and improvising without this showing in any way whatsoever. (...) The Berliner Ensemble uses time well, they use it freely, spending about twelve months on a new production, and over a number of years they have built up a repertoire of shows, every one of which is remarkable – and every one of which fills the theatre to capacity. In simple capitalist terms, this is better business than the commercial theatre where the scrambled and patched shown so seldom succeed" (Brook, 1988, p.21). This is an argument for freedom in the use of time, the process each director uses to guide each production differs and one method may not be better or worse than the other, even in economic terms. Another

idea expressed by my interviewees is reiterated here: more time does not equal producing a better performance and neither does less time. There is no specific objective in terms of the optimum amount of time required to build a performance.

4.2. Final notes

The idea of the output of theatre being the work of the performer as claimed by economists is not shared by the practitioners. The output of theatre is the performance as a whole and the work of the performer is simply one of the intermediate means to attain that end. The notion of output is confused with that of outcome in regard to theatre. The product is described as a process and as such it is dynamic in time, so a lot of what theatre is amounts to what is perpetuated through the impact it has on people.

In terms of the product, something became clear: theatre is not a commercial product and theatre is fundamentally an exchange in itself. This means that in an exchange of something for something else there are two flows with distinct contents that we can identify: a flow of providing something and a flow of reciprocating with something different – for instance, there can be a flow of cleaning services that is reciprocated by a flow of money – but for the theatrical performance this is more complicated. Though we may also have a moment in which the audience is asked to give money in exchange for the right to attend the performance, there is another moment – pointed out by practitioners as the most relevant one – when the audience and performers experience together the performance and exchange thoughts and feelings. So theatre is this exchange. Theatre is a live art that creates moments in which explorations of inner feelings can be done by both theatre practitioners and audience. The collaboration of both is needed to make this moment worthwhile.

The performance is an important moment, but not the only moment in which one can recognize theatre as such. So, to say that the performance is a final product may be abusive in the sense that after each performance things change and a slightly different performance is presented the following day. The performance is a stage in a process. This process requires no fixed amount of time to develop and the objective is never either to do something as fast as you can or to restrict production and produce only a limited amount of plays in a certain period. What really matters is that a quality work results from that process.

To do quality work means to present something that enables communication to be established between the stage and the audience in a proper way, where proper may mean many things according to the objective of each performance. Theatre

makers aim at communicating with the audience but not at serving them or strictly meeting their expectations; theatre makers want to share something they find interesting, stimulating, entertaining, not to give the audience what the audience finds interesting. They do not try to meet the demand; they want to make the demand meet them. In return, they get opinions and criticisms, hopefully constructive and helpful. And they also receive the payment for a ticket. This payment represents an entrance into the space where people will be able to take part in an experience that they expect will be stimulating and interesting. The audience pays to take part in something others have prepared and have developed.

The connection between audience and performer or, more generally practitioner, has a component that may be conceived as pertaining to the market; but that is not all there is to say about this relationship. There is indeed money transference from the ticket buyer to the theatre group, but it is not clear what is sold or how the price is determined. The price of the ticket is an almost indisputable institution. It exists but no one knows where it came from; everyone practices it, but no one actually determines it. It is established and not many variations are allowed. As such, it does not pertain to the quality of the performance; quality is the objective of the artistic work independent of what price is charged. In this sense, although it is called a price, normally implying that it is an expression of the market value of something, it does not rigorously expresses a relation between consumers and providers. It is not a relevant price in terms of the expression of costs, neither it is determined through the interaction between supply and demand, and it is not comparable among competing providers because each of them produces a different product. So the redescription of this connection as a market relation is not fully confirmed by the vision provided by the practitioners, but it is not totally refuted either. The idea that whoever pays someone else is buying something and therefore entering a market relationship is deeply engrained into the minds of all people in society, including theatre practitioners. Nevertheless, some of the concepts involved in the characterization of such a market situation are not fully or adequately defined.

The foundational and still most relevant piece of theory built about the performing arts – the cost disease – is based on the notion of productivity. The production of performing arts is limited by its lack of capacity to increase productivity compared to the rest of the economy. To talk about productivity one has forcibly to go into the relation between inputs and outputs, where the objective is to decrease the amount used of the former and increase the amount produced of the latter. The performing arts are supposed to fail at doing precisely that. The problem is that this relation between work time and the result of that work is viewed in a different way by

practitioners. The objective is not to produce as much as possible in the smallest possible amount of time, but to produce something that is qualitatively relevant, something the creator is proud of and that is the artistic expression of a message or an artistic stimulus of some kind. It is fully acceptable that a theatre group only produces one play in ten years, provided that the final result is worth it or even that the process has contributed in a meaningful way to the enrichment of the creative staff and to the enhancement of theatre in general. It is unclear who decides what is worth it, but it may be it is the community that does theatre. Anyhow, the statement that the performing arts are restricted by impediments is their sector's productivity [sentence?]**} growth is questionable because, as for example Tyler Cowen has pointed out before, it depends on the definition of productivity used and practitioners do not use the same definition as economists.

Restrictions that practitioners face in the daily activities that lead to the production of theatre are time and money, but not so in the way portrayed by economists. Money considerations come into play when deciding a year's activity and somehow condition what creative work is done. When money comes from internal sources, like ticket sales or other kinds of sales, or the selling of whole performances for municipalities, for example, the decisions are made according to provisions of possible returns. When external funding is involved, it introduces some restrictions to the theatre work, but not many. A balance is maintained between the financiers' demands and the freedom of creation of theatre makers. The latter self-finance their activity and have a sense that they are giving up potential income by working in theatre, but getting a lot more self satisfaction from this job. Money does not have a linear influence on the type and quality of the work produced and practitioners refuse to let it become too important in their lives. So modeling theatre groups as economizing structures, as organizations fundamentally restrained by budgetary considerations does not match how practitioners view themselves and how they practice their activity.

What is most striking in analyzing these interviews is how clear things are among theatre makers. Most of my interviewees do not know each other, but it becomes obvious they would understand each other's language. To give some examples: none of them would use the word "product" to refer to a performance; none would think that the production refers to the artistic development of a play; none would think the price of the ticket could be an indicator of the success or of the quality of the performance. Apparently, some things are (or function as) truths even across countries and across distinct social, political and economic realities.

The economic account does not seem to agree with the self-descriptions people working in the performing arts make of their way of functioning. But what is the relevance of these self-descriptions? In terms of the ontological unification economists have quested, what is the meaning of this distance between the economists' account and that of the practitioners? My argument will be that the first person account of the workings of the performing arts is constitutive of theatre, in contrast with the account of observers, which is descriptive. It is commonly said that there can be several approaches to any field and that each of these conveys a certain point of view that sheds light into important aspects of the field. The point of the next chapter is that the approach of the practitioners of performing arts stands on a distinct level: the level of the construction of the socially real artifact of theatre. It does not only shed light into an interesting aspect of theatre; it constitutes the grounds on which theatre is based. In this sense, the mismatch between the economic account and the practitioners account bear serious consequences for the economics of the performing arts.

5. The social ontology of theatre

People across the world produce theatre and use it as a form of expression, but also as a means of life. It may differ from culture to culture, but it undoubtedly shares enough for these different kinds of theatre to be called theatre anyway. Raimo Tuomela states that "there is the social notion of blueberry picking, viz., in the society people use and in some context need to use this notion to describe correctly what some collective activity amounts to" (Tuomela, 2003a, pp. 140-141). This kind of rationale applies to theatre. A certain group of people dedicate their time and efforts to performing activities whose correct description can only be attained if one calls it theatre.

In the previous chapter an account of the workings of theatre by practitioners was presented. It has also become clear that it does not match the account of the same subjects provided by economists. The question is whether these two accounts lie on the same level and merely represent two possible views on the same subjects or they have distinct natures.

Economists appear in the study of performing arts as scientists wanting to gain insight into the workings of an activity. As scientists, they do not intervene in the activity itself; they are observers who build theories to help explain phenomena that intrigue them. The practitioners, on the contrary, are the ones who are involved in those phenomena, who interact in ways that give rise to the phenomena that economists study.

Theatre is above all a human activity: people devote their time to this practice; some devote their whole lives to it. It is artistic in essence and, as such, it involves creativity, ingenuity, inspiration. Theatre is, in general, made by groups of people: "Theatre is not a solo activity. It's actually the understanding that we will never be able to understand any of these issues until we search for collective understanding" (Peter Sellars in Delgado (1996), p.226). So it is the mix of many minds thinking and interacting creatively that gives rise to a work of theatre. These people that are part of the creation of theatre have a way of describing their own activity that is different from that of other people, notably that of economists.

The focus of this chapter is precisely the distinctive nature of the account put forth by the practitioners of theatre. The argument is that this account is constitutive of theatre, in opposition to the account of observers, which is descriptive. It is commonly said that there can be several approaches to any field and that each of these conveys a certain point of view that sheds light into important aspects of the

field. The point here is that the approach of the practitioners of theatre stands on a distinct level, the level of the construction of the socially real artifact of theatre. It does not only shed light into an interesting aspect of theatre; it constitutes the grounds on which theatre is founded.

As a first step, I will look into the structure of theatre practice, meaning the way in which people get together to do it and how their interactions result in theatre, as we know it. I will focus next on the importance of language in the process of construction of theatre.

5.1. The Social Ontology of Theatre

In order to produce the performance that will be presented to the audience, theatre practitioners need to come together and work towards accomplishing that goal. There are a number of people that need to be in consonance in order to make the performance actually come to life and be presentable. The aim to put it all at work in a coordinated manner is seminal: even the most improvised, *in promptu* performances, even street theatre, the arena theatre or other kinds of theatre done outside the theatre room, without the audience even knowing what is happening, require preparation and have the underlying intention of being somehow meaningful. In theatre, whatever is needed for the performance to be successful has to be thought through and made happen because people work in the same direction.

Among theatre practitioners, communion is a more recurrent description of their association than simply joining forces. Peter Brook calls the work that is done in preparation of a play an "ever-changing communal work" (Brook in Croyden 2003, p.20) and Erwin Piscator says that "even when you find yourself alone on the stage speaking a monologue, you are in reality not alone. You couldn't play your part all by yourself. You are surrounded by the presence of the other actors – your partners – even if they are, at this particular moment, not on the stage" (Erwin Piscator in Cole and Chinoy, 1970, p.303). People that do theatre do not merely acknowledge the presence of each other, and they do not simply join efforts because they know two people are stronger than one. Theatre practitioners share more than local or momentary affinities that could be enough to produce one play, but would surely not be sufficient for the whole field to retain its identity and functionality.

As Piscator points out, the work of the actor on stage is surrounded by the work of other actors that have contributed to the place where theatre is at that moment. Furthermore, a theatre performance may be viewed as the product of the contributions of all people involved in that production, and also of all the people that

have ever done theatre. The creation and maintenance of the field of theatre takes more than the mere gathering of people around one project; it requires the continuous work of people who identify themselves and others as theatre practitioners. It is, however, that activity of producing performances in smaller groups that occupies most of the theatre people's time and that provides the opportunities for interaction that is required for theatre to exist. So, the group of people we are talking about is composed of individuals that are acting as a collective with the objective of making theatre.

In the literature on social ontology, a fundamental concern is with how people gather forces to perform actions and how the ties that connect these people work. An interesting observation, especially when we are considering the performing arts, is that some of the most recurrent examples of a coherent balanced partnership in action are that of a duet singing (Tuomela, 1995, p.52 or Bardsley, 2005, p.141), of two people dancing (Gilbert, 1989, p.165-6) or of musicians playing together (Searle, 1996[1995], p.25). These activities convey harmony, coordination and the intention of doing something together. Theatre, though not often referred to as an example in this literature, shares with these other performing arts the need for a strong connection among the people involved in the construction of the performance and the need for the presentation of a homogenous outcome.

Authors vary in their views on how people act jointly; nevertheless, despite the variety of designations and the differences in the details, the conceptualization of action that is taken by more than one person, with an intention and with an end is the focus of the research on social ontology. One of the main issues at stake is whether joint action requires an irreducible collective, something that is more than the aggregate of the individuals, or if individuals can cooperate and act together in such a way that shared ends are accomplished but the individuality is not lost.

Raimo Tuomela (cf. Tuomela 2000, 2002, 2003a)b)), as well as Margaret Gilbert (1989), for instance, advocates the necessity of a particular kind of collective intentionality that extrapolates the individual for a full-fledged collective action to be possible. Seumas Miller, on the other hand, considers that when people act together they are exercising a kind of individual intention that is directed towards a common end (Miller, 2001, p.24). So while Tuomela distinguishes between an "I-mode" and a "we-mode", where in the "we-mode" it is the collective that indeed acts, contrary to the sum of individuals acting, and Gilbert states that "[s]ocieties are real unities (said Simmel); societies are sui generis syntheses of human beings (said Durkheim). I agree" (Gilbert, 1989, p.431); Miller takes on an individualistic stance where people know that, to fulfill the end that they share with a certain group of people, all or most

of its elements must pursue some kind of action. Individuals acknowledge that their sole action will not suffice and that only through the composite actions of several people the end will come about.

The approach that views the collective as something distinct from the sum of individuals conveys a kind of homogeneity of action that can, of course, fit well some cases. In the case of theatre, however, this approach does not seem to reflect the actual way in which people bond. The Collective End Theory, put forth by Seumas Miller and presented next, is more adequate in this instance because it allows for a more flexible way of perceiving groups and for a mobility of actors that suits theatre quite well. Furthermore, the author's account of layered structures of joint action accurately approaches the way in which small groups of theatre practitioners pursuing punctual objectives contribute to the maintenance of the institution of Theatre. I will start at the small group level and then move on to the level of the institution of theatre.

5.1.1 Joint action at the level of the theatre project

One does not become a theatre practitioner via very formal ways, like as a mere consequence of a certain academic formation or belonging to a guild. Most people enter the field by actual and continuous participation in and contribution to theatre projects. When asked about the features actors should display so that they would be chosen to be part of a project, the theatre practitioners that I interviewed referred to a lot more than just formal training. Carlos Pimenta, for instance, said that "the actor has to have "school", be that an actual theatre school or not. An actor that has worked with a lot of directors has had his schooling, he has been through a number of experiences and through a number of learning processes that allow him to know the codes, to identify the mistakes, and solve the problems"; another director confessed off the record that he even considers the astrological sign of the actor before hiring him. The emphasis on the need for practical experience and going through a learning-by-doing process was even more emphasized when we talked about directing. Although there are schools where one can get a degree in Directing, the peer and audience recognition will not derive from a diploma. This resonates with what André Antoine says: "Although it may sound a little paradoxical, one may almost lay down the proposition that: In an actor, the profession is the enemy of the art" (André Antoine in Cole and Chinoy, 1970, p. 215, emphasis in the original). Whatever testifies that a theatre practitioner is such because of some professional criteria is useful and increasingly a requirement; nevertheless, the artistic recognition is the condition *sine qua non*. In simple terms, one can be a theatre practitioner without a

diploma or a certificate, but someone with a certificate may not be recognized as a theatre practitioner.

Theatre practitioners can be defined as individuals who gather together in collectives that aim at building a performance or several performances. These groups can take distinct forms both in terms of their constitution and in terms of their actual way of working; the commitments established among the people can be tighter or looser. In theatre, the common denomination of theatre groups as theatre companies has quite a different meaning from the general meaning of a company. Company is usually taken to be a business association with some specific legal framework, but, in the case of theatre, companies do not necessarily follow this strict form. Company in the theatre context draws its meaning from the roots of the word that relates to something done by companions, by equals pursuing some end.

Some groups, nevertheless, are companies, i.e. firms constituted like any other commercial business. But most of them are nonprofit organizations because that allows for a special status in most countries. This status implies some tax exemptions and the possibility of being the subject of subsidies, which is of course very important for theatre groups. Yet some others may be societies or bear some other legally possible form of association. Finally, some do not have a formal constitution: they are simply more or less temporary aggregations of people working on common projects.

People can commit long-term to one group or jump from group to group, participating in performances but never staying too long in one single structure. Some groups are constituted only by people that are not committed to a structure, bearing thus a very flexible momentary form that, at one point, can perform one style and, at another, a quite distinct one. I asked my interviewees whether they worked repeatedly with the same people. For some, the answer was quite obvious because they were part of a formal theatre group, so there was a nucleus of actors, technicians, and other people that worked permanently (or almost) within that group. That was the case of Miguel Seabra or Erwin Jans; and that is also the case of, for example, Lev Dodin, director of the Maly Dramatic Theatre of St. Petersburg that has an extended permanent staff that allows him to work in his characteristic way: with lengthy rehearsal periods that make way for a lot of experimentation. Others were working in publicly owned theatres, so although there was not a fixed set of artistic workers, they worked repeatedly with the same people. Ricardo Pais as a, then, director of a National Theatre was one such case and that case also occurred in the interviews I took from books, like, for instance, Peter Brook, who clearly works repeatedly with some actors at different periods of his career and then they either

leave or his project changes and some others replace them. Carlos Pimenta is a totally independent director and so he works with completely different people almost all the time. Depending on the project, he will cast actors and artistic staff that fit that project.

The way in which people get attached to their theatre group has been typified in Portugal by Vera Borges. The author characterizes the group-family: where people can find stability in employment and where teams may be large; the group-microcompany: where the central artistic team is normally employed full-time and performs multiple tasks, but the management team is not fixed; and the group-project: where there is no permanent staff (Borges, 2007, pp. 193-219). So we see from these categories that there is a spectrum of possibilities for the gathering of people with the aim of pursuing a theatrical goal. There is great variety in the combinations that people can make among the categories also because they play different roles and accomplish different tasks in multiple organizations.

So, theatre groups are groups of people working daily with one another, but how do these people actually join forces and how can these interactions be conceptualized? My favored theory for the analysis of theater is the Collective End Theory (CET) formulated by Seumas Miller in the following way:

the theory that joint actions are actions directed to the realisation of a collective end. However this notion is a construction out of the prior notion of an individual end. Roughly speaking, a collective end is an individual end more than one agent has, and which is such that, if it is realised, it is realised by all, or most, of the actions of the agents involved; the individual action of any given agent is only part of the means by which the end is realised (Miller, 2001, p.57).

The first assertion Miller puts forth is that joint actions are actions directed to the realization of a collective end, but the twist is that the collective end is dependent on the notion of individual end. So, the individual has a goal and only then there is the possibility of him sharing this goal with others, thus emerging a collective end. The defining characteristic of a collective goal in this sense is that, although it started out as individual and only afterwards it became collective, its actual realization depends on the collaboration of all those who share it. Actions have to be taken by all, or most, of the people involved so that their end is achieved. It is the force of the collective that will allow the objective to be attained, but it will be attained for each individual and not only generally for the group.

The actions of agents under CET are all interrelated because one agent only performs his part if he believes that the next agent is performing his, directed to the collective end. Although Miller conceives of the collective end in an individualistic fashion, the purely individual feature of the end is solely that "it exists only in the heads of individual agents" (Miller, 2001, p.58) in opposition to other conceptions that attribute ends to collectives that may be able to take decisions and have intentions independent of the individuals that constitute them. The requirement for the end to be shared, and to be explicit among the group members, plus the requirement that it can only come about by way of the actions of all frame the action in a context where, although the end is in the mind of each participant, it is at the same time necessarily collective.

This matches theatre making by theatre practitioners in several aspects. A joint action is one that is directed to a collective end, which is a condition met by theatre. Theatre practitioners get involved in projects that aim at the presentation of a specific performance under a particular perspective. If this end is not shared, the whole project falls apart because one homogenous outcome must be presented. In a rather general way, if two people meet and one aims at performing a concert and the other aims at performing a play, no end is shared at all, so nothing will come out of this meeting. Under a more refined observation, suppose a group of people are gathered in a collective with the objective of producing a play, but some are aiming at presenting Hamlet and others are aiming at presenting "Waiting for Godot". There is the shared end of producing a performance in the realm of theatre, but it is obvious that there is not enough shared for the project to come through. Furthermore, even if all are aiming at performing Hamlet, if some want to perform an adaptation of the story to modern times and others want to perform it in a classical way, the end is, again, not shared and the project becomes impossible. So, at the level of the small groups that are working on theatre projects, the common grounds upon which the feasibility of the project lies are very particular. The collective end should be quite precise and specific.

The fact that the end lies in the minds of individuals is important, since the individual contribution and added-value for the construction of a performance, or the trade mark of some creator, is crucial. The final performance, although impossible to accomplish by one sole creator, is worked and explored and viewed differently by each of the contributors. Miller's theory allows for the performance of one individual agent not to be dependent on the performance of all the other agents and for the actions not to be of the same type. Of course, in the construction of a performance the kind of work that each person does is different and might even seem contrary to

one another, but still, since the end is a shared one, the outcome can be homogenous and coherent. Take the previous example of Hamlet: Peter Brook directed, in 2001, a version of the play where words were unaltered and uttered in a classical way. The set and the costumes, however, were minimalist and modern. So while the designers were working on an image of straight contemporary lines, the actors were working on the elocution of XVIth century English. The outcome was not only coherent, it was extraordinary.

Miller's account also allows for the actions to take place in distinct times and places. The different stages of the production of a performance may take place in opposite sides of the world and with years parting them. The idea for a performance may come to the mind of a stage director at one point in her life when she is in India and has no financial means to produce it. She can, nevertheless, continue working on that idea for the next ten years, deepening it, detailing it, until she finally finds, in France, the funds and the people she always wanted for that project. Her idea becomes a project with a group of people sharing an end.

Intentions do not mix with ends in CET, for what really matters is not exactly that people in the group share intentions, but that they share the end and perform the adequate actions to fulfill that end. What intentions underlie the operation of the means that will allow the end to be realized is not relevant. In fact, the personal intentions underlying the participation in the production of a performance may be multiple; there seems to be no such thing as one common intention to bring about a performance in a specific way, one intention that guides everyone and that makes people merge into a collective as soon as they join the project. As it turns out, actors may join projects for the prestige of working with a specific director, the director may be the mentor of the project and intend to project his work further, the lighting designer may intend to perform his first actual design, etc. All of them, however, share the end of producing a specific play and are willing to do all in their reach to make it happen.

Another point of disagreement between Miller and authors that defend a view of irreducible collectives is that of the normativity associated with being part of a group. Tuomela claims that "the members are assumed to view and "construct" their (we-mode) group as an entity guiding their lives when their group membership is salient, and it also requires them to function as ethos-obeying and ethos-furthering group members thus as 'one agent'" and that "[a]cting as a group member in a we-mode group accordingly is based on what the group decides, orders, or requires (etc.). Here the group members give to the group some of their 'natural' authority to act" (Tuomela, 2008, pp.4-5). These are strong requirements and, in practice, few

groups actually work this way. For Miller, as long as a group shares an end, a joint action is in place, even if some elements are free-riders (Miller, 2001, p.89). The flexibility of this conception is an advantage in the analysis of theatre since the kind of commitment each element has with the group may be distinct and still all of them contribute to the pursuit of the end properly. In quantitative terms, the amount of work and effort put in by different participants in a theatre project is quite variable, and it should be, otherwise the normalization of the group would seriously undermine the whole purpose of the endeavor. Some people in a theatre group are the mentors of the project and dedicate their undivided attention to it; others join the project and offer their skills and creativity inasmuch as necessary. People can simultaneously work on different projects, committing to each of them, but not necessarily being ethos-obeying and ethos-furthering group members or giving up some of their 'natural' authority to act.

Theatre making constitutes joint action, but theatre groups are more than random groups that devote their time to producing theatre. On Miller's account,

[t]he defining elements of organizations are embodied particular roles standing in relation to one another.(...) And there is a further defining characteristic of organizations. Individuals realize their ends not only by performing joint actions, including repetitive joint actions, but also by specialization. (...) So organizations consist of an (embodied) formal structure of interlocking roles (Miller, 2001, p.160)

Theatre groups can be, thus, perceived as organizations where roles are filled by particular people at particular times. The notion of organization itself is associated with that of a group of people that get together to accomplish a shared goal, so in that sense conceiving of theatre groups as organizations seems intuitive. And, clearly, in theatre there are roles with certain characteristics that are repeated for each project, independent of whether they are filled by the same person consistently or if it varies. The role of the stage director is one of the most controversial, given the growing number of theatre groups that choose not to have a fixed one or not to have one at all. The presence of this figure has been questioned thoroughly; the need for guidance or for an authoritative body is sometimes considered a restriction to the creativity of other creators, namely that of the actors. Still, what really changes when the director is dismissed in a project is that, instead of this role being embodied by one sole person, it is embodied by several people; the creators that co-direct the project and that make the decisions on what will appear on stage in the end. Maybe the strict figure or its designation is erased, but the role is not. Although

Miller does not elaborate the notion of role, he clarifies that “these roles can be defined in terms of specialized tasks governed by procedures and conventions” (Miller, 2001, p.161) and he also directs the reader to Tuomela (1995).

Tuomela (1995, ch.8) distinguishes between rule-related behavior and role-behavior, where the first is basically guided by formal or informal rules and aims at fulfilling them, and the latter pertains to the mutual beliefs and expectations about what is adequate in the context of the group. On the one hand, in theatre most structures relate to more or less fixed figures such as the director, the stage designer, the light designer, who could be perceived as being what Tuomela calls “office-holders”, but on the other, these figures have a strong role-task position. This means that these are not only organizational or bureaucratic figures; they mostly fulfill a role within the group that has certain characteristics and tasks associated. Other people in the group expect the ones that embody these roles to perform certain tasks, to have certain rights and duties, and to act towards them within a certain frame. The director may be perceived in some instances as a father figure, while the actors may embody the role of his children – this would be the most cliché example. Variations of rule-related behavior and role-behavior are uncountable and they coexist in theatre organizations.

Theatre groups are organizations in the sense that there is some stability of roles that are temporarily embodied by some people. The roles remain with the transition between the people holding them. Of course, the notion of organization in theatre requires a lot of flexibility in order to accommodate situations where particular organizational structures deteriorate and disappear, only for other organizations to emerge. It is the dynamics of this process that makes theatre evolve and that emphasizes the importance of the idea of roles. Some roles may be seen as the common denominator among the several specific forms in which theatre practitioners get organized: there are, at least, two fundamental elements that are always present in theatre organizations, namely the mentor of the project and the actors (otherwise it would not be a live art).

In this section, it has been established that the activity of theatre making, which is performed by a group of theatre practitioners, is a joint activity in Miller’s sense: “a joint activity is a complex of differential, interlocking, joint actions and individual actions directed to some overarching collective end” (Miller, 2001, p.55). This joint activity materializes in organizations where interconnected roles are embodied by specific people. But theatre is not restricted to a sum of punctual projects produced by groups of people in relation with each other. There is a higher level of discussion in which what is at stake is the institution of Theatre.

5.1.2 Theatre as an institution

While producing specific projects of theatre, theatre practitioners are not only showing one more play, but they are ultimately contributing to a body of artistic knowledge, to an increasing stock of artistic material, that from then on becomes available to the world. Beyond the concrete artistic objective of a particular performance, there is the aim at contributing to the development of Theatre in general. What is meant by Theatre with capital "T" is the subject of this section.

Miller provides an account of layered structures of joint action that seems appropriate for the case in point. Under this account, there are level one and level two joint actions. Level one joint actions are those that we have been talking about in the previous section, i.e. those that are performed by individuals acting together and pursuing a shared end. Level two joint actions are those that depend on level one actions to be accomplished, "[s]o the realization of a collective end of the level one actions is the performance of the level two action" (Miller, 2001, p.173). In the case of theatre, theatre practitioners gathering in groups that produce performances are pursuing the shared end of performing a play (level one action), but by doing so they are performing a level two action whose collective end is the enhancement or, at least, the maintenance of the institution of Theatre.

An institution, according to Miller,

...is (at least) a structure of conventions and social norms that regulates some form of generic activity in accordance with more or less discernible ends (...) Social institutions are (by stipulate definition) normative entities, defined in part in terms of normatively described ends, and in part in terms of activities governed by social norms. (...) An institution reproduces itself because its members strongly identify with its ends and social norms, and induct the next generation into the institution. (Miller, 2001, p.181-2)

Theatre as an institution may be conceived as the structure of conventions and social norms that regulate the generic activity of the theatre groups. Miller's distinction between social norms and conventions is based on the idea that conventions imply reasoning in the means/ends logic and social norms embody reasoning from moral principles (Miller, 1999, p.314). For Miller, conventions lie in a more practical sphere, one that refers to regularities in joint action exclusively directed at fulfilling the tasks needed to accomplish an end. The issue of conventions having or not having a moral normative force is not one of strict exclusion. Miller

suggests that it is not necessary for a convention to have a moral normative force, but, when it does, it may be not enough to qualify as a social norm or it can become one by way of its moral normative potential: "the point is that being a social norm is a contingent feature of some conventions, not a necessary feature of all conventions" (Miller, 1999, p.315).

So, theatre as an institution – Theatre – would incorporate what regulates the activity of theatre practitioners, directing them to the accomplishment of their ends and involving them in a moral normative system that is common, shared, and that involves disapproval when its principles are not complied with. Theatre has a discernible end, even if it is rather encompassing, which is that of producing a dramatic art form, i.e. an art form that consists in the enactment of scenes that are presented to other people. What is done to achieve the end is based on group-specific norms relating to the expectations of others. In general, among the theatre groups, it is expected that they stage plays; that they interact with other groups and be aware of what is done in the world; that they cooperate and that they do not undermine the efforts of others towards the accomplishment of their ends. More concretely, the conventions and social norms that are present in Theatre may be that tickets are put up for sale and bought in advance; there is at least one technical rehearsal where, independent of whether the actors are performing well, light, sound and other technical features are tested; performers use clothes and props as ways to convey certain recognizable messages (if the characters are all naked, it is most likely that people are not attending a classical representation of a play and it probably means that the characters are in a position of exposition, deprived of masks, open for scrutiny); performers use their bodies, their gestures, their physical expression to send across signs of the development of the plot (if a character coughs once, twice in a later scene, a bit later a lot more, it is a sign that the character is sick and that that is relevant for the continuation of the story). All these conventions, whether they pertain to the management or to the performance, help achieve the end of staging a play and conform to a pre-determined way of doing things – the way you do things in Theatre.

If we focus on social norms, the ones that involve moral normativity, we can think of things that would be subject to disapproval in the world of theatre. There is disapproval (or at least discomfort; disapproval may be too strong when referring to an area of activity like the arts where an open mind is fundamental) when people call theatre an installation with no actors involved because the most basic norm of theatre is that it is performed live by actors; or when prices of tickets are set too high above or too low below the average price, once the rule is to set prices by

checking out what is practiced by others; or if children are involved in plays with an adult content. These social norms conform to the account provided by Miller (1999, p.317) in the sense that they are regularities in action that are a matter of common knowledge, that involve disapproval that is commonly known, that has a moral force and that is a collective attitude. The disapproval of these situations in part sustains the institution itself; this means that people in theatre know, for instance, that tickets are supposed to remain within a certain interval of values so that everyone can work for their audiences and keep theatre going or alive. The collective condemns an attitude such as that of raising prices beyond the top limit of the known interval not in a self-interested manner because this first move could lead the way into raising the prices of all theatre productions. It is just wrong to singlehandedly destroy the normal scheme of price-setting in theatre without consulting others.

Miller views institutions as structures that must be guided by a moral end and produce "subjectively felt moral goods" (Miller, 2001, p.192). Theatre, of course, can be fitted in this context because, as an art form, it nurtures the spirit and leads people into deeper states of conscience. In Miller's examples, universities are supposed to produce knowledge and language enables communication. Theatre purports to produce first and foremost Art, in its most encompassing definition, but more specifically to convey hints and clues that people can catch and use as food for thought. By the enactment of scenes on stage, Theatre functions as a teaser to the audience. Whether people leave the room feeling good or bad, what has happened on that stage has, at least, made them feel something. It is conceivable that the product of Theatre is seen by society as a subjectively felt moral good; the arts, and Theatre among them, are normally put side by side with education or even identified as a way towards education and the construction of a better community.

Since these moral goods are the ultimate aims of the institution, they condition "the social norms that govern, or ought to govern, the constitutive roles and activities of members of institutions, and therefore the deontic properties that attach to these roles" (Miller, 2001, p.193). The norms that govern the institution of Theatre are determined by the ultimate end of producing a dramatic art form, so theatre groups perform plays, cooperate among them, are attentive to the activities of others, with the ultimate goal of maintaining and improving the institution of Theatre. In order for plays to be put on stage regularly and with an, at least, satisfactory quality, people must work on that, doing what they are supposed to do, given their talents and qualifications. What they are supposed to do relates to the relative position they hold in the group and the expectations other members have towards their performance. The role someone plays in the group, or how he embodies

that role, is defined by how he realizes the activities associated with it. These activities are the necessary steps in the direction of the accomplishment of the first level end of producing a performance, leading to the second level end of maintaining Theatre functioning properly. So, when someone becomes a director, he is burdened with obligations, duties, that he must fulfill in order to achieve the end.

The view that the reproduction of the institution is made via the identification of its members with its ends and social norms fits rather well with what happens in Theatre. The expression "a life of Theatre", as explored in chapter 5, is used by many theatre practitioners and the way in which they say they devote their lives to leaving a mark in the history of theatre shows how involved in the pursuit of the end they are. This involvement is passed on to new generations that feel the need to plunge deep into the field, so that they can also make their career impact Theatre. Learning by doing is one of the main sources of formation in theatre, so what older generations pass on to the newer ones have long-lasting consequences. As described in the interviews, it is not by taking a University degree that people are enthroned as theatre directors. A director may be an actor who followed the work of a senior director who taught him how things are done and how visions can be enacted. The junior director builds his view based on the inputs provided by others doing it before him. The point in making theatre and being creative in the process is to look for approaches to subjects that can make a difference, not really to look for definite answers to specific problems. The technical component of being a professional director is, of course, important, but it is not the core ability required for excellence.

Miller (2001, p.199) claims that his "concern is with the capacity of institutions not only to constrain, but to create the possibility of, novel or new or unique individual and social actions". Theatre is all about creating these new possibilities while constraining, to an extent. The spirit of artistic creation is very much based on the creation of an environment for potential introduction of new elements and for the emergence of novel ways of doing things. Not only is what constitutes theatre constantly and dynamically being changed, but also how theatre is done is permanently the object of new formulas. This is a contentious topic of debate, however, and although there is a wide margin for change and flexibility in the definition of basilar concepts, there are limits to what is considered theatre. The several generations of theatre practitioners have been able to determine them, if not theoretically, most of all practically. Experts and practitioners and opinion-makers in the field establish those limits on not very solid grounds, but on grounds that are

commonly accepted, so they remain valid. In this sense, Theatre does constrain and, at the same time, facilitate creation.

Theatre is an institution: it has a normative part and a socially defined one, it is reproduced across generations, it involves the accomplishment of an end that is meaningful for society and it allows for a space of creativity within certain bounds. It is an institution that constitutes a level two joint action, based on the level one joint action of producing theatre plays. And this institution is created and maintained by people communicating with each other. This latter aspect will be further developed next.

5.2. The importance of discourse in the process of construction of theatre

People sharing a common end and joining forces to attain it implies that somehow these people have managed to find each other, to realize they share that end and to get organized in such a way as to accomplish it. Communication plays a determinant role in this process because it is the way people have to convey their intentions to others and to take responsibility for them. As Stanley Fish states, while commenting on Searle's Speech Act theory, "[w]ere intention solely a matter of disposition in relation to which words were merely a report, then formulas like 'I'm sorry' and 'thank you' would not be accepted as expressions of regret and gratitude unless it could be proven, by some independent test, that the speaker was actually so disposed" (Fish, p.986). No one can know exactly what really goes on in other people's mind, so we take what other people say to us as their commitment to the contents of their sentence, regardless of what they really have enclosed in their minds. Otherwise, no one would trust anyone, no team work could ever get done, nothing that requires that people believe in others' intentions would ever exist or be of consequence. Language is our means to engage with other people, making clear what we want, what we are able to do, and who do we want to do it with. It is also something that becomes shared among people who are doing things together, that is commonly known and that circulates in a way that provides guidance for all kinds of situations.

Both Tuomela (2002) and Gilbert (1983,1989)⁶ approach the issue of the importance of language. Of course, their underlying assumption is that groups have

⁶ In this section I will, to some extent, move away from Miller's account because there is extreme richness in other philosophers' literature and Miller mainly comments on them. I remain, nevertheless, convinced that the fundamental assertion that groups are reducible to individuals that recognize the need for cooperation in order to achieve their shared end is adequate for the analysis of the field of theatre.

an existence of their own, irreducible to individuals; nevertheless, I believe that their analysis is useful for my purpose independent of this basic assumption being different than mine. The need for people to communicate is valid both if one considers that people merge into a new entity or if one thinks people do not totally merge, but simply act according to a particular situation. The fact that people somehow get together and establish bonds is a requirement under both assumptions and that can only be done if things are conveyed to other elements in the group.

Margaret Gilbert states that “parents and teachers exert pressures of various kinds to get children to use the words they use in the senses in which they use them” (Gilbert, 1983, p.390). To use the same words in the same senses is indeed paramount to ensure good communication and that is what parents and teachers most want to promote with children. The passage of a lexicon from elder to younger people guarantees that words remain appropriate to designate certain objects and actions, and that conversations are possible across generations. This means that certain things can keep on being done, they can be continued in a logical manner and certain objectives can still be pursued. There is no claim of an absolute sense for the words; the point is that children use words in the sense that their elders were using before them. What really matters is that people are in consonance with each other regarding how they are using these words and how they are combining them in sentences that make sense in a context. The combination of words into meaningful sentences is, in fact, what really allows for intelligible communication to take place and it constitutes, on the one hand, a continuous flow and, on the other, a stock. It is a flow in the sense that interactions between people are permanently taking place and sentences are being constructed at the same pace. It is also a stock because some of these sentences accumulate and are established as the bases for certain kinds of situations.

In theatre, the passage of a lexicon from one generation to the next is an essential factor both in the artistic development of the discipline and in the organizational development of the theatre structures. Artistically, knowledge and command of the words from the past may mean one of two things: the ability to reproduce techniques correctly and rigorously – for instance, knowing how to utter a Greek text according to (what is thought to be) the old way of uttering it or knowing how to use the high platform shoes used in Greek tragedy –; or the capacity to break the rules and build a performance that is innovative and distinct. Both of these characteristics are highly valued in the theatrical field. In the organizational aspect, the evolution of theatre groups has been built on the heritage they have. The younger theatre directors, producers, technicians learn most of what they really use

in their job from others, elder people that have been performing those tasks for a long time and that transmit to others the fundamental principles of the activity. Of course, even in the organizational aspect of theatre groups, creativity plays a big part in the development of new strategies for team management, new approaches to fundraising, new ways of using technical innovation in lighting and sound, etc.. Still, without the acquaintance with the fundamentals that came from previous experience it would be very hard to really evolve. All these messages that are transmitted by elder people and the new ideas that circulate and eventually become established among theatre practitioners are sentences that are accepted as valid or true for certain situations in the context of that group. This involves collective acceptance of sentences.

Collective acceptance is a necessary condition to make some social construction; as Tuomela puts it: "some central collective and social concepts have been regarded in roughly the sense indicated by saying that money is not money unless it is collectively accepted to be money" (p.123). The notion of collective is for Tuomela different from that of Miller's, but, once again in this case, I do not think that it is incompatible with an individualistic view of groups. Collective is taken to be whatever is done as a group, be it constituted by individuals or being a single entity. In regard to the idea of acceptance, it is viewed "in the sense of acceptance of a sentence or proposition as true or as correctly assertable" (Tuomela, pp.123). The sentence upon which there is collective acceptance is what Tuomela calls correctly assertable or true for the group and within the appropriate group contexts: "s{?} is available as correctly assertable in the sense that the group members are enabled and permitted to use s (or, even more generally, the thought that s) qua functioning as group members, and on some occasions they may be obliged to use s as correctly assertable, be s 'objectively' true or not" (Tuomela, p.133). This implies that, in the end, none of the members of the group really has to believe the statement at stake is true; they just have to act and interact according to the belief. This also shows the distinction between the creation of a belief (and putting forth a corresponding statement) and the maintenance of the validity of that statement. It is group members that are allowed to use the sentence while functioning as such, so when and while individuals are acting within a group they can claim that s. The obligation imposed upon elements of the group to use s is personal and individual; each person, if they are to remain in the group and committed to bringing about their shared end, is subjected to the norm that they should use s.

It is indeed irrelevant whether or not some theatre maker actually thinks in deep introspection, for instance, that teamwork is not essential, as was noted in the

interviews; what matters is that in his interactions with his fellow theatre makers the notion of teamwork as essential is for real. The endorsement of this idea when he is speaking *qua* theatre practitioner is relevant because it allows him to function within the group.

Using *s* is part of what has to be done to pursue the common end. The shared end comes about if and when people interact in a way that promotes its accomplishment. That interaction is based upon, on the one hand, agreement among people that they are willing and capable of pursuing that objective, and on the other acceptance of the correctly assertable sentences in the group. Only if this latter condition applies, the people involved may be able to function in concerted ways because to accept some sentence as true has the consequence of or is inevitably associated with acting in a certain way. Accepting the same sentence therefore means acting in the same way or, at least, towards the same end. The way things work within a group are made explicit via the correctly assertable sentences; so if one belongs to the group, one accepts a number of sentences as true or correct and acts accordingly. This means that the subject complies with way things are done in the context of the group, consequently contributing to the achievement of the shared end.

In the case of theatre, the set of correctly assertable sentences (or part of it) is what I have tried to find when I interviewed theatre practitioners. Each of them was asked to put forth his or hers idea of what it is like to make theatre and questions were made relating to the product of theatre and the conditions upon which it was produced. They, of course, answered not as a common citizen, but as a theatre practitioner. So answers to the questions were provided by these people *qua* members of the group of theatre practitioners, but still as individuals. What came out of these interviews was indeed a set of common answers, overlapping in contents and form that is, at least, a proxy to what the correctly assertable sentences within the group of theatre practitioners may be.

By joining together around a certain set of correctly assertable sentences and acting accordingly, people construct a piece of social reality that is inquirer-independent. Real things are the ones that are "capable of occurring in singular causal inquirer-independent contexts... Here inquirer-independence is independence of an inquirer's mind or, put somewhat differently, the ideally rational scientific community's mind (attitudes, views)" (Tuomela, 2003, p.279). Socially real artifacts are dependent on people to exist – they are not like a rock whose existence is independent of the actions of human beings – but they are still structured and independent on what people outside the constitutive group think about them. Only

through discourse can the inquirer (even if only partially) access the internal point of view. By listening to the sentences that are accepted by the group as meaningful or true, the inquirer can have a grasp on what constitutes the social entity she is analyzing. As pointed out earlier, the inquirer cannot be inside her subject's mind, so the sentences that are uttered are interpreted as the commitments people make towards others.

The collection of correctly assertable sentences within the group that has been or is continuously being built and is used by people involved in the production of theatre is independent of an external inquirer's or best explaining theory's point of view. The way an outside person views the functioning of the world of theatre is only the behavioral and visible aspect of the activity, but beneath the observable aspect there are the fundamentals for the activity to be as it is and the premises upon which action in this context is dependent. To study something that is established by and dependent on a group of people, or that is socially constructed, does not mean that it is not objectively doable: "The inquirer's reflective stance towards an external, inquirer-independent world, which now includes also the class of human beings, is still at least conceptually and metaphysically possible – at least if we are allowed to assume (scientific) realism" (Tuomela, 2003b), p.280). The inquirer can study the reality of theatre without imposing on it features that are not recognized by the group that creates it. The members of the group know how things should work, what things are meaningful, what factors are relevant because otherwise the thing that they create and maintain would not be functioning, would not be existing at all. People in theatre know how to maintain it at work; they know what to do and how to see things in order for them to keep on having theatre.

To performatively create things is to do those things by saying we are doing them. J.L. Austin (1955) in his work *How To do Do Things with Words* says that performatives are utterances such that: "A. they do not 'describe' or 'report' or constate anything at all, are not 'true or false'; and B. the uttering of the sentence is, or is part of, the doing of an action, which again would not normally be described as, or as 'just', saying something (Austin, 1955, p.4). Two examples are used by Austin and later by Tuomela and Searle: 'I give and bequeath my watch to my brother' or 'I name this ship Queen Elizabeth'. These sentences do not describe what the subject is physically doing – which may be, in the case of the ship for example, smashing a bottle of champagne against it – or claim that he is doing something – like claiming that, though he is physically sawing a branch of a tree, he is actually exercising his biceps. In this case, there is no direct relation between the physical features and actions of the person uttering the sentence and the sentence itself. Putting on a ring

usually comes associated with saying 'I do' at a wedding; smashing a bottle comes with saying 'I name this ship...'; but it is obvious that the sentences describe or claim nothing about the actions. To name a ship is to say 'I name this ship Nautilus', to marry is to say 'I do'.

This idea of a performative may be extended to a larger concept of, not only performatively creating one singular happening by uttering words, but also to creating an whole net of events founded on relationships between people that communicate amongst them. People in theatre sharing with fellow practitioners the contents of a new project and engaging in doing it are performatively creating Theatre. By gathering around theatrical projects and leading them towards success, practitioners are building the institution of Theatre in their own shared way, according to their principles and following their own dynamics. To claim: "this is a theatre play" and by presenting it in a (somehow) recognized place, under the appropriate settings that are accepted as theatre settings, practitioners are performing actions that are constitutive of theatre.

One may want to claim that those sentences are mere subjective descriptions of the perception practitioners have of their activity; and that that perception is bound to be blurred by emotional aspects and the typical blindness people have towards themselves. But the suggestion here is to see that theatre does not exist separate from the sentences that the group endorses, from a discourse that is constantly being used and renewed among theatre practitioners. After analyzing the testimonies of the theatre practitioners, I realized that they describe certain fundamental aspects and practices in the same or extremely similar ways. That is a common ground people in theatre share and that is indispensable for the field to actually function. Theatre projects depend on these encounters and work in certain ways that actually bring about theatre performances and consequently maintain the institution of Theatre. There is a conversation specific of theatre practitioners and this conversation defines how theatre itself is, how it exists. It is not a conversation about theatre; it is the conversation of making theatre.

5.3. Final notes

In this section, I have developed the idea that theatre is socially constructed, i.e. that it is made by people, which is not equivalent to saying that it does not exist in an inquirer-independent way. Theatre does not exist without the people who do it and without the interactions that happen among them. There is nothing if the practitioners stop sharing goals, if they stop communicating with each other and if

they stop sharing a discourse that frames those interactions. The statements that were put forth by the practitioners in the previous chapter show some of those common points, notably regarding the issues upon which the possibility of ontological unification was raised when I analyzed the account of cultural economists. Analyzing the discourse of the practitioners of theatre has allowed us to realize that the sentence stating that the output of the performing arts is the work of the performer is not a correctly assertable sentence, as well as the sentence stating that the relation between the audience and the performers is a market one, and the sentence stating that what constrains the production of the performing arts is mainly the relation between what is produced and the resources of time and money required to do so. So, if the statements of the practitioners have this foundational character, if they are indeed constitutive of theatre, what consequences does it have for cultural economics? That will be the subject of the next chapter.

6. Consequences of the social ontology of theatre for cultural economics

The questions that were left pending in the last chapter derive from the observed clash between certain fundamental assertions economists make about the performing arts and the correctly assertable sentences that seem to surface from the theatre practitioners' discourse.

My contention is that there is a particular ontology to the performing arts that is social, but inquirer-independent. The discourse of practitioners is a constitutive one, i.e. it is how the social artifact of theatre is constantly being constructed and actualized. In turn, the discourse of the economists, as I view it, is a descriptive and analytical one: the performing arts are the subject matter of economists as scientists observing and reaching conclusions about one specific piece of reality. Furthermore, this discourse draws from research guided by one main objective which has, thus far, been to increase theoretical unification, based on ontological assumptions that supposedly allow for the treatment of the performing arts as any other industry operating in the market.

To better understand the clash between the economists' account and the practitioners', it seems crucial to now focus on the relation that theories can have with the reality they purport to study. Then we will be able to reach conclusions regarding the consequences of the social ontology of theatre for the performance of cultural economics as a science that explains phenomena occurring in the real world of the performing arts.

6.1. Theoretical framework

When we think about the aim of science in its most basic conception, it seems intuitive to consider it to be to explain phenomena that are intriguing. The intriguing feature of these phenomena resides in that they occur in the real world and there is no (or at least only little) knowledge about why and how they occur in the way they do. Models may be seen as devices used by scientists to gain insight into those phenomena. How this insight is gained through models has been the subject of study of philosophers of science.

Economics as a science is a particularly controversial case in regard to the relation between models and reality. Economics has recurrently been put into question because of its attempt to side, in terms of method, with physics and natural sciences instead of with the social sciences. The mathematical ambition of economics does not always fit well the social nature of economic phenomena, so

critics focus on the distance that is visible between real-world phenomena and the modeling performed by economists. The way in which economists construct their models and the assumptions they introduce in them tend to be regarded as unrealistic because people we see in our daily lives acting as economic agents and as economic aggregates, such as firms or countries, do not seem to follow the characterization by economists. Real people do not act fully rationally and real firms do not, at least solely, pursue profit maximization, so it seems natural to question how these models of behavior relate to what we would like to explain about the world, what can they tell us about reality and how that leap from model to world is taken.

The fundamental question to be asked from the start is whether theories and models are built, in actual scientific practice within economics, with the purpose of having a connection with the real world, or, at least, one that is operated through models. Do economists actually use models to gain insight into real-world phenomena? If not, what is the alternative? In Arjo Klamer's words "[t]he competition for attention (...) is a better interpretive device for understanding the various practices in the modern world of science than modeling scientists as truth seeking individuals or by assuming that scientists are driven by monetary incentives." (Klamer, 2007, p.290) Theoretically, it seems that economists view themselves as scientists that say things about the world, but in practice the construction of models often seem to serve the purpose of being mathematically treatable and of producing attractive results rather than portraying reality in an accurate fashion.

One approach to this problem is to claim that the realism of assumptions is not that important. Economists within the neo-classical tradition, and based on Friedman 1953, are prone to take the task of models to be to predict, independent of the realism of assumptions. So the connection with the world is made through the results of the model – the accurate predictions it produces – and not by way of introducing realistic assumptions in it. Other economists and philosophers of economics take issue with such an instrumental conception of the relation between the assumptions and the conclusions derived from the models they shape.

Tarja Knuuttila (2009) identifies two trends of thought developed around the relation between models and reality: one that views models as surrogate systems and other of models as fictional entities (p.60). The first trend is connected with the perspective defended by Uskali Mäki and the second with the one put forth by Robert Sugden. There is no clear-cut incompatibility between these two views, as Mäki (2009) points out, but they bear differences that are relevant. Knuuttila tends to emphasize these differences: "It is one thing to claim that models are

representations of some real target phenomena, and quite another to suggest that they are hypothetical constructions that nevertheless may give us some understanding of the real world— as Sugden does” (p.67). It seems important to explore both of them to see how they can contribute to the understanding of scientific practice in economics.

“My starting point is that model-building in economics has serious intent only if it is ultimately directed towards telling us something about the real world.” (Sugden, 2000, p.1) This affirmation made by Robert Sugden in his fundamental article on credible worlds is a statement against those who consider that models in economics may be constructed with the mere purpose of computing data and producing results that may be relevant within the limits of the model, but that in no way increase our knowledge about the world. The conception of models put forth by Sugden, based on the idea of credible worlds, emphasizes the importance of credibility of economic models and explores the sources of credibility. A purely imaginary world created by a researcher cannot provide insight into the real world because there is no way one can make the connection between phenomena that really occur and that are begging for explanation, and the imaginary construction of some human mind. For Sugden, people draw conclusions about the real world from a credible world. The author describes his own account as

an account of models as credible but counterfactual worlds, paralleling the real world rather than isolating features of reality. I argued that the gap between model world and real world has to be crossed by inductive inference, and that inductive inference depends on subjective judgments of ‘similarity’, ‘salience’ and ‘credibility’ which cannot be formulated in the mathematical and logical languages preferred by economic theorists. (Sugden, 2009, p.4)

For Sugden, if the aim of modeling is to have a direct and unmistakable connection to reality, then economics probably won’t produce good results; but if it is rather to support beliefs or conjectures about substantive properties of the real world (p.7), then economics may contribute to a better knowledge of the world. With this formulation, Sugden contradicts the version of models defended by Nancy Cartwright according to which real capacities are demonstrated through models: “‘Isolating tools’ are meant to discover how capacities operate.” (Cartwright, 2009, p.46)

Uskali Mäki (2009) develops an account of models that “depicts them in terms of isolations and idealizations on the one hand, and of representations and surrogate systems on the other” (Mäki, 2009, p.30). The author combines the notion of credible

worlds with those of isolation and exploration, and defines his account of models as representations in the following way: "Agent A uses object M (the model) as a representative of target system R for purpose P, addressing audience E, prompting genuine issues of resemblance between M and R to arise; and applies commentary C to identify the above elements and to coordinate their relationships (Mäki, 2011, p.55). So, how one constructs the credible world is crucial: although isolation of factors affecting reality is fundamental for the feasibility of the task, the choice of the factors to be taken into consideration must be made according to their relevance. Relevance has to do with how important the factor is in explaining the phenomenon under study.

To be representative of the target system means that it stands for the actual system when the purpose is to understand a certain aspect, or aspects, that exist in the real world. If it is supposed to stand for the actual system, then resemblance in relation to it becomes an issue, because the lack thereof would prevent the leap from the model to the actual system. The addition of the figure of the audience helps further contextualize the act of modeling, therefore helping restrict what may be considered relevant to retain when performing isolation. So basically, purpose and audience delineate the realm of relevance of the factors to be considered, thus allowing for an appraisal of the representativeness of the model in regard to the target system. This is what Mäki calls pragmatic constraints; but there are also ontological constraints that "are due to the objective properties of the target" (Mäki, 2009, p.33).

The ontological constraint is also called by Mäki (2002, 2009) the *www* (the way the world works) constraint: "The *www* constraint is an ontological constraint on theory and model choice requiring that a model be coherent with a set of ontological convictions" (Mäki, 2009, p.39). The model must essentially contain relevant and actual elements of the way the world works, or, at least, of how the world is believed to function, if it is to teach us something about the world as it is. According to the author, the credibility that Sugden refers to in his account of credible worlds has to do with this requirement that there is an ontological correspondence between the model and the world. Credibility has to do with the ability of something to be believable (from the Latin *crēdō*) and people believe in things that are coherent with their sense of reality.

A model can only be a surrogate of a real system if the ontological constraint is met, otherwise it will be considered a substitute system. Substitute systems are those that do not relate to reality and serve exploratory purposes with no intent to reach true conclusions about how the world works.

Ronald Giere (2010) emphasizes the role of the intentions of the researcher as a way to overcome problems connected with the representational character of models:

I have called some models "representational," but I have not yet said what makes a model a representation of something in the world, or how some models represent things in the world. I have already said that representation with models cannot just be a matter of similarity between a model and the thing modeled. There are two major reasons why this is so. First, we need to know which similarities matter. That there will always be some similarities is vacuously true. Second, as Suárez (2003) has emphasized, similarity is a symmetrical relation while representation is asymmetrical. (p.274)

For the author, the solution for both these problems is the addition of the intention of the researcher. The similarities that matter are those that relate to the purpose of the research and the asymmetry of the relation comes into play because the model reflects elements that represent a chosen aspect of the reality, not all of them.

In general, accounts that assume a connection between models and reality, as a condition for the validity of their contribution towards a better understanding of the world, require the knowledge of the purpose of the research, which is associated with both the intention of the researcher and the target audience he wishes to address. Furthermore, they require that the choice of relevant factors to be taken into account bear an ontological relation with reality or with what is believed to be the reality. As a consequence, models accurately portray pieces of reality that are relevant for certain research purposes; that makes these models credible and useful for the achievement of conclusions about the functioning of parts of the actual world.

In the next section, we will see whether the models used in the economics of the performing arts were successful or not. For this purpose, we need to have criteria for success. Pragmatically, Mäki gives us two properties to pay attention to: usefulness in regard to a purpose, and persuasiveness in regard to an audience (Mäki, 2011, p.58). On the latter subject of persuasiveness, we will use Klamer's literature on the issues of attention and persuasion (cf. Klamer 2002, 2007) to explore what is the audience of the economics of the performing arts and the effectiveness of its discourse towards its audience.

Ontologically, we will focus on what the Mäki calls achieving strong success in representing the world, which is something that happens when the modeler has successfully used a surrogate system to access facts about the real system and the issue of resemblance was settled positively (Mäki, 2009, p.36).

6.2. Usefulness and persuasiveness in the economics of the performing arts

According to the theoretical framework presented above, any appraisal of a theory must be based on a confrontation between a model and some ontological convictions to check for coherence. The model or models that are the focus in this section pertain to the economics of the performing arts and the ontological convictions against which we will be checking for coherence are founded on the social ontology of theatre.

The economists of the performing arts often motivate their analyses with appeals to the need for increased knowledge about the reality of the performing arts; see for example:

we continue to hear frequently of theatrical groups which collapse, of opera houses whose seasons are in danger, and performing arts organizations of all kinds for whom financial emergency seems to have become a way of life. It is this situation and the threat that it poses for the cultural prospects of our society which constitutes the setting for the study we have undertaken. (Baumol and Bowen, 1965, p.496)

Or on more recent studies:

Why do performing arts patrons behave as they do? (Swanson et. Al, 2008, p.301)

Programmatic choices adjusting the theatrical output are a prime instrument for the theatre management. It can adapt the number of performances or productions to the new budgetary situation or it can change the 'nature' of the theatre's output. These types of reactions are the focus of the present analysis. (Werck, et al., 2008, p.2369)

It is the observation of actual situations and curiosity about their causes and/or behavior that lead economists to develop their studies. In the first example, Baumol and Bowen observe that the performing arts required financial assistance in order to survive and want to know why; in the second example, an explicit why question is stated and in our final example the aim is to know the consequences of an observed phenomenon: the fact that budgets vary across time, adjustments must be made and theatre managers react to that in certain ways. Even when economists motivate their research by invoking previous results by other authors, the validity of

the research lies in bettering the information provided earlier, not in simply improving the qualities of the model itself.

Faced with an overwhelming number of factors potentially determining the phenomena that intrigue them, economists have to reduce their target factors to those that best fit their purpose. For example, in a study about the determinants of concert attendance, the authors state: "Other factors outside the scope of this analysis are likely to affect aggregate attendance for the mid-size symphonies considered. (...) Nonetheless, this analysis has shed some light on other factors (...) influencing symphony attendance with the most recent data available for mid-size symphonies" (Toma and Meads, 2007, p.420). And it is in actualizing this choice, by including some factors and excluding others, as well as by making idealizations, that researchers are faced with the problem of coherence with reality or, at least, with ontological convictions.

When Baumol and Bowen first put forth the theory of the cost-disease, the intention guiding the researchers was, in this case, to explain the strained economic circumstances which beset performing companies (Baumol and Bowen, 1965, p.496) and their target audience, as we have seen in the first chapter, was both economists and non-economists. The political environment in which this study was conducted – one marked by the debate on whether to create the National Endowment for the Arts in the United States or not – suggests that politicians were one of its main targets. So the choice of theory and the choice of relevant factors have to do with the will to explain the fundamental economic structure behind an anomalous observed situation and with the will to appeal to politicians and persuade them of the validity of the study.

The authors claim they are not trying to convince anyone of anything, but they are subtly passing through information that may help people make up their minds about the functioning of the performing arts. This information is somehow biased by the factors that they chose for their study. So in this case, we can see that the relationship between purpose and choice of factors is not linear but somehow circular. The choice of factors serves the purpose, but the purpose determines the choice of factors.

From the outset, Baumol and Bowen restricted their analysis to factors that pertained to economics, or rather to the financial aspects of the activity. Given that the problem was manifested in a financial form, the factors investigated focused only on elements that were strictly related to money: how much was spent and on what, compared with how much was received and from which sources, how much did the artists earn, how much was produced per unit of time, etc.. The aim was always to

investigate aspects of the activity that were predetermined by existing patterns in economics. Neo-classical economics requires that the researchers know things like productivity, and calculated production and cost functions, so that they could reach conclusions regarding the situation of a sector in the economy.

The assumptions that Baumol and Bowen established for their model are restrictive even for economists' standards. When economists choose to only focus on the financial aspects of the activity of producing performing arts, they are isolating the factors that interest them the most, i.e. those that meet their purpose – to study the economic aspects of the performing arts in a neo-classical fashion– and target audience – mainly politicians susceptible to economic arguments. When, however, they say they will be working with a model that portrays the world as having only two categories of economic sectors: those that are progressive and those that are lagging behind, and that "...all outlays other than labor costs can be ignored. (...) ...wages in the two sectors of the economy go up and down together. (...)... money wages will rise as rapidly as output per man hour in the sector where productivity is increasing." (Baumol, 1967, p.417), they are idealizing and creating a model world. Apparently, given the criticisms they received from fellow economists, this model world does not fully correspond to their beliefs regarding the workings of the real world. The propositions put forth by Baumol in his 1967 article are contested generally on the grounds that the author overlooked certain insurmountable aspects of the economy. For example: the fact that real income is rising with the growth in production on the productive sectors, which is a factor that influences the propensity to spend money on attending performing arts, or the fact that there are more production factors other than labor.

Subsequent research in the economics of the performing arts makes an attempt at the construction of an economic theory of the performing arts without the shortcomings identified in the theory of Baumol. The fundamental grounds, however, that Baumol has established regarding the choice of relevant factors remains quite stable. This stability is due, not only to the fact that Baumol's research is of paramount importance for cultural economists, but also to the fact that the economic stream underlying the research has remained the same. Neo-classical economics and the usage of econometric tools establish certain patterns and standards for the research that have to be met if one wants to produce results.

To set out to investigate the structure of production of the performing arts bearing in mind that there is a myriad of possibilities for the organization of a productive activity is quite different from digging into the accounts of artistic structures looking for elements that could correspond to categories defined for other

industries. Here is a simple example: unpaid labor time accounts for a substantial portion of the total labor spent on the production of plays, but this could not be integrated precisely because it is very hard to measure. Nevertheless, theatre practitioners value it a lot and the outcome of this labor is relevant for the final performance. Another example: measures of quality used by economists have been attempted, but they systematically focused on static characteristics such as the epoch of the play or the nationality of the playwright, failing to capture the actual qualitative features as perceived by the audience, i.e. if in fact the play is any good or not in terms of the message it conveys, the aesthetic experience it provides. The farthest economists have gone in terms of the assessment of quality was to take reviews in specialized and popular magazines into account, but that still falls short of actually having a perception of the quality of a performance. On this topic, K.G. Willis and D. Snowball (2009) state that "[w]hile there is a fair amount of work on determinants of demand for the live performing arts, results have often been contradictory with little explanatory power. This may be because of the difficulty in describing the attributes of a performance, particularly in terms of its quality, and the heterogeneity of consumer preferences" (p.167). The authors' proposition to overcome this difficulty is to use choice experiments based on six attributes, namely "(1) cast (actors: 3 levels: professional, semiprofessional, amateur), (2) director/producer (2 levels: famous, unknown), (3) genre (period: 3 levels: classic, modern known playwright, modern unknown playwright), (4) context (4 levels: South Africa, other African, developing country, west), (5) production type (3 levels: comedy, drama, musical), and (6) ticket price (6 levels)" (Willis and Snowball, 2009, p.175), but it becomes clear that these six attributes are again missing the point because they are binary and do not capture the dynamics of the quality associated with the uniqueness of each performance.

Qualitative elements are acknowledged by economists as important, determining factors, and that is why they have tried to incorporate them under various perspectives. The problem lies in how they are able to incorporate them, given that they still need to be able to use their preferred theories and tools. See for example the case of Marta Zieba (2009): the author announces she will be using three objective quality indicators to provide a more comprehensive empirical analysis of demand for the performing arts (p.87). Since the restrictions applied by the economic approach limit the choice of relevant factors, we can find in this paper the technical ability of artists being expressed as artistic wages and the standard of costumes and stage design expressed as the expenses for décor and costumes per production (p.91). Essentially, the researcher needed numerical measures of these

qualitative elements that would be possible to find as available data; artistic wages and expenses for décor and costumes were accessible and they were considered to be good enough for the purposes. If one considers this situation in a deeper way, however, the correlation between wages and technical ability of artists is far from being obvious or scientifically proved, as is the correlation between the amount spent on décor and costumes and its quality. Consider for example the case of Peter Brook's scenarios and costumes: they (often) could not be simpler and are most likely not expensive precisely due to their simplicity, but their quality is unquestionable. This is, of course, speculative, and in this sense only reinforces the idea that there is no obvious connection between how much performing arts companies spend on visual aspects of the performance and the quality of the result. Regarding artistic ability, it is even more farfetched to consider that the better the artists are, the more money they earn. The research into artistic careers (c.f. Menger, 2003) shows that what determines the salaries of artists are factors ranging from socio-demographics to the dynamics of reputation. Their artistic ability, whatever that may be taken to mean, is such an encompassing concept that it can be appraised academically, technically, aesthetically, from a layman's perspective, and so on.

The question pending is whether, in this case, artistic wages capture the economically relevant aspects of artistic ability, i.e. if for the purpose of the economist and for her audience it is a good choice in the sense that it will be useful and persuasive. Maybe we are only looking for consistency in the model. From this perspective, Zieba and many others in the economics of the performing arts make a correct choice of relevant factors because they fit their models well and allow the model to produce results. But this is not the only thing that matters, it also matters that there is an appropriate ontological correspondence between the isolated factors and the piece of reality under study.

So, we can say that in terms of usefulness in regard to a purpose, the economics of the performing arts started out as a discipline that was grounded on a few fundamental ontological statements that allowed the treatment of the performing arts as any other industry in the economy, and then moved on to being a discipline that aims mainly at reproducing derivational patterns. While the general stated purpose of earlier writings in the economics of the performing arts was to view the performing arts as an economic activity, therefore discovering answers for intriguing characteristics that were so far unknown; in later writings, although we still find curiosity towards the real world, which I believe is expressed by the many case studies that are constantly being produced, we essentially find that curiosity being

materialized in studies that are just renewed computations of data specifically collected to fit the model.

Within the discipline, if we take the purpose of the economics of the performing arts to be the continuous production of articles that are publishable, then repeating the derivational patterns and applying them to different cases is a way to keep the discipline alive, or at least to keep the printer working and the journals coming out. If, from a different perspective, science is indeed meant to tell us something about the world and, therefore, the purpose of producing relevant and meaningful information is what the economics of the performing arts is pursuing, then we must see whether the ontological assumptions made within the economics of the performing arts and the pursuit of derivational unification has allowed for the production of that kind of information. When economists set out to investigate, for example, "to what extent art education, prices and standard socioeconomic characteristics influence attendance at professional performing arts events" (Borgonovi, 2004, p.1871), do their theories actually allow them insight into it? The reservations economists show towards their own econometric results (that were pointed out in earlier chapters) seem to hint that, though the theories are considered useful, to an extent, they do not fully serve the purpose.

So, there are explicit and serious shortcomings of the conclusions that have been derived from econometric studies of the performing arts, but what does this say about the theories being employed? Under the criterion of usefulness, this is a failure or, at least, a partial failure to the extent that, in part, the theory fails to permit valid conclusions to be drawn about the problem the researcher aimed to approach and illuminate.

On the topic of the persuasiveness in regard to an audience: what is the audience of the economics of the performing arts and has it been convinced of its validity? As noted earlier, the audience of the economics of the performing arts has been changing with the change in the objectives of the research itself. When Baumol and Bowen first put forth the theory of the cost disease, their target audience was clearly politicians and also laypeople that were part of the public opinion being built around the idea of the creation of a central funding body that would be in charge of supporting the arts sector. As the research distanced itself from the political implications it could bear and focused more closely on the virtues of econometric models and on the accuracy of their calculus, the audience became more specialized in economics. And, as Klamer (2007) puts it, "what do we do when we are writing and talking with fellow economists? We're applying research methods, constructing arguments, searching for interesting concepts, citing the right sources, justifying the

methodology – all in the hope of... what? Persuading the audience and bridging the gap between human minds" (p.92). The texts became more inaccessible to laypeople and the policy implications became theoretical rather than actual. Politicians do not use economic studies that appear in academic journals, they normally commission them to consultancy companies or specific research centers.

This seems to be (again) an aspect regarding which an evaluation of success may be tricky. It is a fact that if the criteria for success are the existence of certain elements that characterize a credible sub-discipline within economics, such as the existence of an international association, a journal, the regular organization of conferences, then cultural economics has surely been able to convince economists of its value. However, cultural economics, within the myriad of sub-disciplines of economics, is definitely not the most popular, not even among heterodox economists. The *Journal of Economic Literature* was attributed the letter Z – Other special topics of the discipline. Maybe we can view this as an indicator of either relevance within economics or of how far down the list of priorities cultural economics is for publication in the journal. In fact, the great majority of articles on cultural economics are published by the *Journal of Cultural Economics* and not by other reputed journals in the field of economics. Also the heterodox community in economics does not empathize with cultural economics because the discipline has not adopted so far a heterodox approach in any meaningful sense.

So, the economics of the performing arts has been persuasive enough for more economists to be dedicated to doing research in the field, but one can hardly say it has been successful in persuading an audience that extends beyond the peers. Theories and conclusions are mainly developed and explored in the academic context and are rarely able to climb out the walls of the university.

Economics with its methods and its language has, nevertheless, been able to contaminate the cultural field in a noticeable way. It might not be the research that is published in journals that actually comes out as relevant, but the introduction of economic vocabulary and standards for project construction and evaluation is highly visible. We can see by the forms that artistic organizations have to fill out to apply for grants, be that at a national level or at a European level, that the requirements have been increasingly influenced by economic considerations and patterns that could and sometimes are used for other industries and other economic sectors that are also subsidized. This influenced artistic practitioners into adopting a lexicon usually associated with economics and management for the sake of their argument. Economics, in this rather practical sense, has entered the discourse of artists that need to manage their financial lives and communicate with people that are sensible

to the economic vocabulary. So, economics has at least persuaded contemporary society, people in general that it performs better than other disciplines as a universal standard for rigor, accuracy and efficiency. That is having its effect also in the cultural field.

It may be stated that the success of cultural economics in persuading an audience is a relative one. On the one hand, it depends on whether we are considering cultural economics *per se* or economics in general and its penetration in every sector of human life; and on the other, it depends on whether we consider the audience of cultural economics the people that would potentially be interested in the conclusions of the research conducted by economists in the cultural field, which would be other cultural economists, but also artists, arts managers, and practitioners in general, or if the audience we are considering is the actual people that read the articles of cultural economists, i.e. mostly their peers. In this context, economics has put forth theories that have been persuasive and have influenced the way in which performing arts practitioners build and defend their projects, but this influence does not come strictly from cultural economics theories, it comes mainly from general economics. Regarding the scope of the audience, cultural economics has been successful in persuading the audience comprised by the peers, but it has not been very successful in overcoming the barrier of the academic environment and launching ideas into the world out there, ideas that can be used by practitioners in the field, ideas that enlighten others regarding the way the performing arts work.

6.3. Success in representing the world in the economics of the performing arts

Mäki (2009) describes strong success in representing the world as the situation where "the modeler has successfully used a surrogate system to access facts about the real system" (p.36). Success, under this account, depends on the capacity of the model to allow access into the workings of its target system and this, in turn, depends on how the issue of resemblance is settled. In simple terms, if it is possible that the model actually resembles the target system, but it is not certain, then the model is a weak success; if it has been established that the model indeed resembles its target system and meets the pragmatic constraints, then it is a strong success. In terms of failure, a weak failure would be the case in which there is the will to make the model resemble the target system, but it does not; while a strong failure would be if resemblance was not even in question, i.e. the aim of the modeler was not to gain access into the workings of the model's target system in the first place and the model indeed does not resemble the target system in any meaningful

way. In the latter case, Mäki claims that these are substitute systems instead of surrogate systems.

Bearing this framework in mind, we now have a scheme that helps us to categorize theories in terms of their success in representing the world, but we still need to establish what we mean by "the world". The success in representing the world can only be appraised when we have a standard for what the world is, i.e. when we can say with a certain degree of certainty that our description of our world makes sense according to some criterion. The piece of world that we are focusing on is the performing arts and what we can say about it depends essentially on what this piece of reality is, or what we believe this piece of reality is. The criterion that I use for my choice of what the world of the performing arts is is based on the *www* constraint as defined by Uskali Mäki (2001). This is the foundational problem underlying the issue of whether economics has something to say or has so far provided meaningful information about the performing arts.

In the absence of a way to gain full access to the depths of the reality of the performing arts, whatever this may mean, I find it to be a close second best to view them as social artifacts and analyze them under this perspective, paying attention to those who actually work in the field and whose discourse shapes the human interactions that happen in the course of the production of the performing arts. The referential for reality that I use is that the performing arts are indeed a social artifact and that they work as described by the practitioners.

We have previously seen that research in economics clashes with the practitioners' account specifically regarding the issues that constitute the ontological assumptions about the performing arts that economists have based their body of research on. The main consequences of the social ontology of theatre for cultural economics derive precisely from the appraisal of the success of economics in representing the world of the performing arts. The clash between the two accounts only becomes relevant beyond the mere assertion that there are two versions of the same story when we view one of the versions as the one expressing reality.

If this is the case and the account of practitioners is to be taken seriously as an expression of reality, if economics aims at explaining (at least, pieces of) reality, and if the description of the performing arts put forth by the practitioners clashes with that of economics, then economics has been off track in its study of the performing arts. The main consequence of this observation is that the economics of the performing arts has not been successful in representing the world.

It may be considered a weak failure, however. The models that economists generally choose to represent the world of the performing arts aim at representing

the world in some substantial way. They give in to the necessity of building models that fit predefined standards, they accept assumptions that are clearly missing the point and they perform isolations that may leave out the most important aspects of the field, but they do not explicitly aim at solely going through with an academic exercise. They normally have connections to policy development and should inform politicians in terms of possible avenues to pursue.

There are several arenas in which this failure in representing the world is manifest, namely scientific, political and practical. This will be explored in the next section.

6.4. The consequences of a failure in representing the world

Economics has been missing the point in representing the world of the performing arts and that carries consequences at some distinct and relevant levels.

I will start with the consequences for economics as a science that studies the performing arts: the stagnant situation of the economics of the performing arts is, so I argue, derived from the fact that the connection between science and world has been gradually lost. The input economists look for in the practice of performing arts is restricted to data of a very narrow kind. Methods to collect this data are well-established and the artistic organizations that are usually studied are sophisticated enough in their functioning to be able to provide this data relatively easily. The concern with going deeper into the workings of the field has been confined to the limits of neoclassical economics and that is a rather strict limitation. If economists do not investigate more deeply, if economists really just want to continue repeating the same kind of strategies to obtain quick and publishable results, then not much should be expected in the future of the economics of the performing arts. Once some basics of the subject-matter are fixed, some complexification is required in order to derive more and more qualified information from the studies. We have seen where econometric studies have taken the economics of the performing arts to; it now seems to be the time to become more related to what people actually experience whatever their connection to the performing arts is.

Studies in the field of the economics of the performing arts are often used as pieces of information for political purposes. Policy-makers need objective analyses and results to ground their decisions on. Even though political decisions are somehow subjective and conditioned to the beliefs of those who make them, it has become clear for politicians that having scientific studies as the base for their argument is positive. The perception that people get from reading a policy proposal

that quotes reliable scientific results is that there is some actual information about the way the world works that is being taken into account in the formulation of those policy measures.

When economic studies of the performing arts are markedly neglecting to consider some of the most relevant and visible aspects of the field, on the one hand, the politicians are being poorly informed, so they base their argument on biased or limited results, which may undermine the efficacy of the argument. On the other hand, those interested in the policy formulations – tendentially those who are more aware of the workings of the performing arts – instead of feeling confident in the data presented, therefore confident in the policy measures proposed, they feel disconnected and suspicious of the argument. Furthermore, failure in representing the world may lead to a failure to affect the world in a constructive way by means of good political measures. Not only poorly informed politicians will forcibly build poor political measures that will likely miss the point in terms of the needs of the field; but also even if the political measures are good and would have a positive effect in the field, failure to connect with practitioners and informed people may hinder the possibilities of those measures to actually be implemented. In democratic countries where people not only get to vote in their preferred politicians, but also have a voice, may write petitions, may demonstrate, etc., failure in representing the world leads to failure in constructing a good political argument, which leads to suspicion regarding political measures, leading to civil society actions against those measures, which may bring us to an absence of structured policies in the field of the performing arts, regardless of whether they were good or bad policy ideas.

Another aspect under which economic studies of the performing arts could have an impact in the lives of people was as information to feed organizational strategies for structures producing performing arts. Failure in representing the world makes this task all the more difficult. If a theatre company wants to rethink its pricing mechanism, for instance, and turns to economic studies to acquire information for that purpose, they will find very little that relates to their reality. Not only the language used by economists has become increasingly harder to grasp by laypeople, but also assumptions and the conclusions, if understandable, do not correspond to what practitioners experience in the field. The consequent abandonment of this kind of literature is natural and we observe that economic arguments are seldom used in the advocacy of artistic projects⁷. So if practicing

⁷ I can state this based on my experience with the analysis of hundreds of projects applying for central government grants in Portugal.

people are unable and unwilling to use economic information for their own defense, something must be off in terms of the formulation of those theoretical pieces.

By analyzing these three general aspects, we can see that economic failure in representing the world of the performing arts bears consequences that prevent the discipline from advancing scientifically, from being politically effective and practically useful.

7. Conclusion

The input I got from the field of the performing arts prompted me to start writing this dissertation, but the input I got from economics allowed me to reach conclusions as to why the perceived clash between the two fields exist. This recognition is of major importance for the construction of the final argument that will be centered on the conciliation between the artistic perspective of the economy and the possibility of a scientific economic approach to the field.

After evaluating what the economics of the performing arts has been saying about theatre, how it works, how the organizations that intervene in the field function and what conditions them, I have to note that economists have done a substantial amount of work in the field. The concern of economists to accommodate some of the idiosyncrasies of the performing arts is visible and remarkable. These efforts are, nevertheless, conditioned by the framework economists are attached to. If the starting point is an inflexible structure that incorporates data in a specific format according to strict rules, then the end point is compromised from the beginning. So, how to overcome the restrictions of standard economics?

The appeal is for a different kind of economics, one that is not conditioned from the start; one that applies economic thinking, but not necessarily mainstream economic models. Economic models are constantly being improved and approximated to realities that are important for society as a whole. When a crisis hits a significant group of countries, not only old models and predictions made in the past are reviewed in the light of new events, but also new models are constructed. Criticism is helpful for pointing out aspects that were overlooked or neglected or downgraded in importance. It is generally recognized that if economics is to do something and to have a relevant role in society, then it should produce valid conclusions that are useful in real life, even if only temporarily.

We can establish a parallel between a situation of crisis and the world of the performing arts. Both present phenomena that escape the logic of standard economic models or, at least, of those that are in use at a certain point, so both should elicit the same kind of reaction: the revision of the models, according to what is actually happening. The puzzling thing about the economics of the performing arts is that, instead of a revision of models according to the specificities of the field, it focuses on a reconstruction of the data collected from the field to fit pre-defined models.

If economics were to look into the performing arts and adapt its models to the workings of this field, some aspects that may be considered both artistic and

economic would be worth noting. I will call attention to those in the next section. After that, I will speculate about how the economics of the performing arts could look like if economists were to actually pay attention to those aspects of the performing arts field.

7.1. Performing arts: artistic and economic

In this section, the most important element I will be exploring is the conjunction “and” in the title. I will focus on the possibility of viewing certain aspects of and phenomena occurring in the performing arts as simultaneously artistic and economic. The performing arts may be viewed not as bundles of characteristics, some of which are economic and others artistic, but as wholes that encompass several specific features. These specificities are not forcibly classifiable in one or the other category; they are subject to observation and scientific treatment but not because they are ready to be inserted in predefined boxes. Maybe some new boxes must be constructed to accommodate some of these features.

We saw earlier that there are some aspects of the performing arts that have been disregarded by economists in their studies of the field and that it has consequences for the performance of economics as a science. As a concluding point, I would like to call attention to how these aspects incorporate artistic and economic components that are often intertwined, but are nevertheless analyzable.

The recognition that the performing arts constitute more than a service – or probably something else altogether – is the first aspect I would draw attention to. It is common to state that economics has its own way of viewing the world and some factors are left out of the analysis because they are not economic or not relevant for reaching economic conclusions. The issue here is that some things that are being left out, contrary to the appraisal that economists are presently making according to neoclassical conceptions, may be considered economically relevant. Furthermore, these aspects of the performing arts may be considered not only economically relevant, but at the same time recognizably relevant among the group of practitioners, in terms of the production of artistic outputs.

What does it mean to say that the performing arts are more than or something different from a service? Of course, many services incorporate or require connection, transmission of messages, collaboration between producer and consumer, to work. But, in the end, something generally expectable from the outset must be accomplished and the consumer should get their money’s worth in services that are done for them. I believe that the issue in regard to the performing arts is that nothing is really done “for” somebody else. This “for” is said in the sense that, in a play, the

actors are not substituting the audience in doing something. In any delivery service, for instance, something is being transported from one place to the other by a company instead of that thing being transported by the consumer of the delivery service; at the hairdresser, the customer is having her hair cut instead of having to cut it herself; in a matchmaking service, which requires a lot of sensibility, care, connection, etc., the company is searching and selecting information in place of the customer; or even a teacher is providing shortcuts to relevant information instead of the students having to go through all the information themselves. What are the performers doing instead of the audience? They are performing for them, in front of them, as an exposition to them, but not instead of them. So the concept of service is somehow missing the point in this case.

Asserting that calling the performing arts a service is missing the point does not mean that what happens when an audience is watching a performance is not economic. The issue of what is being exchanged when, for instance, someone is watching a play unfold on stage may be seen as both economic and artistic. It is economic in the sense that there is some kind of trade going on, that there is money involved, that there was a production process behind it that involved economic relations among agents. It is also economic as far as there are decisions that people make regarding what they are giving up in favor of going to the theatre or in favor of making theatre. But it is also artistic because what is exchanged is fully artistic in nature: people are performing with the aim and the fundament of doing something artistic and the audience is ready to receive and expecting to experience something artistic. So performers send artistic messages to the audience and they get real time feedback from the audience. So it is important to acknowledge that there might be two parallel exchanges going on in the performing arts: one that is economically formal and that consists in buying a ticket, and another which is quite independent from that act of buying the ticket and that consists in giving and taking in an artistic realm.

Furthermore, the value attributed to what each party gets in this exchange depends on the artistic qualities of the performance. This does not mean that the price will be directly influenced by the quality of the performance; it just means that the valuation that the community of peers and audience makes of that performance and of the structure that produced it will be influenced by the characteristics of what was presented. That valuation is oftentimes more relevant for the survival of the organization in society and in the economy than most economic factors. We do not, however, have to conclude that this exchange is solely an artistic relation, escaping

a possible expression in monetary terms. It just opens up the possibilities of valuation beyond that of the market.

It was also emphasized in the confrontation between the economic discourse and the artistic one that the aim of producing the greatest amount of output in the shortest possible time was not present in the minds of most practitioners, but it was present in the conceptions of productivity of most economists. The idea that artists may spend endless years preparing a work and making it artistically worth all the time they spent working on it is not incompatible with a notion of productivity that focuses on how resources are efficiently applied to the ends they serve. It simply has to be adapted to the actual events and phenomena that happen in the specific case of the performing arts. Some final piece of work that takes ten years to come through may derive from a highly productive production process. Think of a work that requires an accurate characterization of a certain culture that is different from that of the artistic team. To apprehend a whole other culture, to work through this adequately with a cast, and to make it visible and recognizable on stage takes a lot of time and effort. Maybe a decade is not so much given the size of the task. The worth of the final outcome of the process may be appraised by the community of peers, experts, audience and it can be considered economically valid and relevant. In this context, it would make no sense to say that the performing arts are less productive than other goods and services in the economy. We can just say that under an economic perspective, the productivity of the performing arts must be appraised in a different way. And maybe the argument for public support of the performing arts could be based on the high productivity of the performing arts instead of on its productivity lag. The argument could go along these lines: it is extraordinary that performing arts practitioners are able to put forth so many ideas and proposals for society to reflect upon in such a short amount of time and with so little resources. So per euro spent on a performing arts creation you may get back 10 euros worth of food for thought.

I find one of the most interesting aspects of the economic study of the performing arts to be that what is traditionally viewed as artistic includes economic features. This leads me to think that it would not be necessary for economists to start from their own a priori systems and make data on the performing arts fit those, but that they could start from an economic interpretation of the activity of producing performing arts and then construct a theory that would shed light into the actual workings of the field.

7.2. A cultural economics instead of an economics of culture

I may be playing a word game, but it still seems to make sense. Cultural economics has been the preferred term to designate the sub-discipline of economics that studies the arts and other subjects that may be considered cultural. It does not, however, really do justice to what has been done in roughly the last fifty years in the field. Cultural economics has been a lot more an economics of culture than an actual cultural economics.

An economics of culture and a cultural economics can be two distinct subjects. While the economics of culture seems to imply that we are looking for an economic side or the economic aspects that exist in culture, a cultural economics may be seen as an economics that has been infused with culture. The exploration Klammer (1996, 2003, 2004) makes of the several meanings of value associated with culture has been exemplary of the possibility of viewing the economics of culture in an alternative manner. The inflexion of the perspective with which one may approach both fields and the relationship they bear focuses precisely on the notions associated with how people apprehend and express their values and valuations qua economic agents. This is a reflection of the culture people have absorbed and lived by, and at the same time conditions action in general and economic action in specific. So economics is impregnated with culture in an encompassing sense.

Economic science has a number of established concepts and entities that are used recurrently and applied to certain fields of interest. Among the many areas covered by an economic approach, the economics of culture amounts to, like most other sub-disciplines of economics, the application of previously known solutions to problems that seem similar in many areas. The economics of culture comes in line with, for instance, the economics of health. One, however, would never use the expression "healthy economics" as a substitute for "the economics of health", or "edible economics" as a substitute for "the economics of food"; so why use "cultural economics"? The adjectives "cultural", "edible" or "healthy" qualify a noun, in this case "economics", so it would mean that the kind of economics we are referring to is cultural, edible or healthy and not simply that it is economics as we know it applied to culture, food or health. By qualifying the kind of economics that one is referring to, they define how a particular economic study is made, not what this study is about. A cultural economics should, thus, be surely different from the application of economic science to culture.

Cultural economics can be seen as a way of making economic science that takes culture into account in a defining way. Neoclassical economics, for instance, uses neoclassical principles as the basis for all thought; similarly, cultural economics should use culture as its main determinant. This alters the current meaning of the

expression in the sense that economics would, under this interpretation, be shaped by culture instead of economics framing culture. Cultural economics constitutes an interesting notion because to view the economy as something determined by culture, as a human activity that is an expression of how people are connected with one another and with the world, instead of viewing it in terms of individual behavior, is certainly something that heterodox economists have been reclaiming since long.

The study of the economic activity of producing art by cultural economists would potentially reveal different conclusions than those presently put forth by economists of culture. The emphasis on the arts practitioner's experience of the economy would have to be major; the relation between the issues to be tackled and the shaping of solutions could not be one of mere fitting, it would have to be a creative endeavor to build tailor-made pieces of theory that would address the particularities of the problems. Just as medicine is dealing effectively with the fact that each body behaves differently and the same treatment will work or not according to the specificities of each organism, economics could also find strategies to deal with the heterogeneity of economic "bodies". As a consequence, plurality of approaches would have a better opportunity to appear. The possibility of this alternative cultural economics can be the opening of a new avenue of research in the economic study of the arts.

The economics of culture has become associated with all the issues that were pointed out throughout this thesis: problems related to theoretical construction, perceived distance from reality, inconclusive conclusions. A truly cultural economics could contribute significantly to the resolution of these problems.

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